

WITF, Inc. and Subsidiary
**Consolidated Financial Statements and
Supplementary Information**
June 30, 2021 and 2020



WITF, Inc. and Subsidiary

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June 30, 2021 and 2020

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WITF, Inc. and Subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - 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 on pages 42 to 51, as listed in the table of contents, is presented for purposes of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual entities 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 consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 18, 2021 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 18, 2021
Harrisburg, Pennsylvania

WITF, Inc. and Subsidiary

Consolidated Statement of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash, operating	\$ 2,691,967	\$ 1,801,587
Cash, restricted	354,541	77,715
Accounts receivable, net	511,998	457,103
Grants receivable	417,756	346,947
Contracts receivable	152,452	184,087
Inventory and prepaid expenses	171,306	155,802
Broadcast rights	55,017	38,726
Promises to give, net	58,000	333,750
Investments	10,851,299	8,928,194
	<u>15,264,336</u>	<u>12,323,911</u>
Total Current Assets		
	<u>15,264,336</u>	<u>12,323,911</u>
Property and Equipment, Net	<u>14,911,248</u>	<u>14,363,892</u>
Other Assets		
Investments	25,319,225	19,468,725
Station license	910,000	910,000
Deferred income taxes, net	753,000	801,000
Interest in net assets of a community foundation	84,970	64,677
Promises to give, net	32,360	60,984
	<u>27,099,555</u>	<u>21,305,386</u>
Total Other Assets		
	<u>27,099,555</u>	<u>21,305,386</u>
Total Assets	<u>\$ 57,275,139</u>	<u>\$ 47,993,189</u>

WITF, Inc. and Subsidiary

Consolidated Statement of Financial Position (continued)

	June 30,	
	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 723,019	\$ 701,002
Current portion of obligations under capital leases	2,274	2,815
Accounts payable	1,581,084	606,341
Accrued payroll and vacation	370,661	337,635
Accrued and withheld payroll taxes	11,386	9,625
Deferred revenue	1,375,128	1,402,060
Accrued interest payable	23,378	26,590
Broadcast rights	5,826	5,826
Total Current Liabilities	4,092,756	3,091,894
Other Liabilities		
Long-term debt	11,289,015	12,923,934
Interest rate swap liability	405,782	885,869
Deferred revenue	292,096	664,687
Charitable gift annuity obligation	82,258	89,873
Obligations under capital leases	403	2,677
Total Other Liabilities	12,069,554	14,567,040
Total Liabilities	16,162,310	17,658,934
Net Assets		
Without donor restrictions	39,171,403	28,992,303
With donor restrictions	1,941,426	1,341,952
Total Net Assets	41,112,829	30,334,255
Total Liabilities and Net Assets	\$ 57,275,139	\$ 47,993,189

WITF, Inc. and Subsidiary

Consolidated Statement of Activities

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 11,045,864	\$ 1,387,669	\$ 12,433,533
Fees and rentals	3,180,262	-	3,180,262
Gain on sale of investments	1,146,108	-	1,146,108
Program underwriting	-	804,539	804,539
Interest income, net of fees	776,305	-	776,305
Gain on sale of property and equipment	11,347	-	11,347
Net assets released from restrictions	1,546,604	(1,546,604)	-
Total Revenue	17,706,490	645,604	18,352,094
Expenses			
Programming and production	3,583,535	-	3,583,535
Broadcasting	6,420,785	-	6,420,785
Fundraising	2,436,708	-	2,436,708
Management and general	1,441,115	-	1,441,115
Education	413,390	-	413,390
Program information	273,597	-	273,597
Income taxes	(2,000)	-	(2,000)
Total Expenses	14,567,130	-	14,567,130
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 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)
Loss on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	-	-	-
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 Activities (continued)

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 5,962,403	\$ 450,978	\$ 6,413,381
Fees and rentals	3,294,173	-	3,294,173
Loss on sale of investments	(218,710)	-	(218,710)
Program underwriting	-	1,107,515	1,107,515
Interest income, net of fees	686,900	-	686,900
Gain on sale of property and equipment	-	-	-
Net assets released from restrictions	1,738,413	(1,738,413)	-
Total Revenue	11,463,179	(179,920)	11,283,259
Expenses			
Programming and production	3,816,521	-	3,816,521
Broadcasting	3,985,696	-	3,985,696
Fundraising	2,408,851	-	2,408,851
Management and general	1,300,103	-	1,300,103
Education	274,958	-	274,958
Program information	309,964	-	309,964
Income taxes	(81,817)	-	(81,817)
Total Expenses	12,014,276	-	12,014,276
Deficiency of Revenue over Expenses	(551,097)	(179,920)	(731,017)
Change in Interest in Net Assets of a Community Foundation	(7,442)	-	(7,442)
Unrealized Holding Gains on Investments	826,628	12,219	838,847
Change in Fair Value of Interest Rate Swap	(750,122)	-	(750,122)
Change in Charitable Gift Annuity Obligation	(6,493)	-	(6,493)
Loss on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	(290,449)	-	(290,449)
Forgiveness of Long-Term Debt and Accrued Interest	-	-	-
Changes in Net Assets	\$ (778,975)	\$ (167,701)	\$ (946,676)

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Functional Expenses - by Natural Classification

Year Ended June 30, 2021

	Program Services				Support Services				Totals
	Programming and Production	Broadcasting and Income Taxes	Program Information	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 768,859	\$ 854,048	\$ 145,028	\$ 79,735	\$ 1,847,670	\$ 881,680	\$ 706,122	\$ 1,587,802	\$ 3,435,472
Station compensation	-	3,161,044	-	-	3,161,044	-	-	-	3,161,044
Program acquisition	722,519	638,299	-	-	1,360,818	-	-	-	1,360,818
Depreciation and amortization	433,030	621,195	6,579	5,312	1,066,116	119,952	167,582	287,534	1,353,650
Direct labor	431,403	347,809	-	156,158	935,370	4,351	-	4,351	939,721
Membership maintenance	-	-	-	-	-	395,483	-	395,483	395,483
Group life and hospitalization	84,163	122,559	13,069	2,181	221,972	71,435	67,563	138,998	360,970
Payroll taxes	87,176	90,434	11,248	10,545	199,403	64,069	48,853	112,922	312,325
Interest expense	151,716	43,337	2,907	803	198,763	39,736	60,540	100,276	299,039
Consulting services	34,010	18,483	63,000	51,803	167,296	5,900	63,788	69,688	236,984
Retirement	59,089	67,961	8,986	6,513	142,549	46,652	37,853	84,505	227,054
Affiliate dues and fees	145,123	49,234	-	-	194,357	-	19,860	19,860	214,217
Dues and subscriptions	96,286	33,775	4,489	21	134,571	48,472	27,879	76,351	210,922
Maintenance and repairs	98,297	37,321	969	1,905	138,492	25,201	45,162	70,363	208,855
Direct mail promotion	-	-	-	-	-	196,116	-	196,116	196,116
Cost of premiums	-	-	-	4,338	4,338	183,757	-	183,757	188,095
Professional fees	65,392	33,490	3,797	6,176	108,855	33,136	41,199	74,335	183,190
Power and light	90,429	39,756	1,297	358	131,840	17,732	27,017	44,749	176,589
Rent, tower site	98,967	68,601	-	360	167,928	-	-	-	167,928
Insurance	48,707	21,792	1,150	895	72,544	12,484	40,097	52,581	125,125
Pledge activity	-	-	-	-	-	121,112	-	121,112	121,112
Banking fees	-	121	-	-	121	55,618	37,540	93,158	93,279
Internet access	23,343	30,079	-	2,235	55,657	12,854	17,259	30,113	85,770
Miscellaneous supplies	2,133	236	149	71,401	73,919	-	484	484	74,403
Outside printing	5,909	110	752	5,604	12,375	60,938	36	60,974	73,349
Operating expenses of subsidiary, including depreciation expense of \$617	-	59,118	-	-	59,118	-	-	-	59,118
Other expenses	22,353	23,562	-	475	46,390	341	-	341	46,731
Special surveys	28,092	16,605	-	-	44,697	-	-	-	44,697
Amortization of broadcast rights	42,070	-	-	-	42,070	-	-	-	42,070
Telephone	8,073	11,070	550	417	20,110	7,730	6,507	14,237	34,347
Postage	9,944	1,081	-	2,164	13,189	18,884	934	19,818	33,007
Other building utilities	12,051	3,443	231	64	15,789	3,156	4,809	7,965	23,754

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
	Programming and Production	Broadcasting and Income Taxes	Program Information	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Pennsylvania unemployment insurance	\$ 7,068	\$ 5,118	\$ 475	\$ 526	\$ 13,187	\$ 2,713	\$ 2,322	\$ 5,035	\$ 18,222
Training	1,995	1,226	-	1,097	4,318	4,182	2,357	6,539	10,857
Rent, equipment	5,139	1,468	98	697	7,402	1,346	2,051	3,397	10,799
Other employee benefits	2,850	2,813	344	560	6,567	2,103	1,676	3,779	10,346
Travel and entertainment	1,593	6,955	-	157	8,705	602	686	1,288	9,993
Office supplies	3,667	1,968	-	206	5,841	2,235	1,893	4,128	9,969
Barter expense	-	-	7,969	-	7,969	-	-	-	7,969
Miscellaneous	2,807	1,301	-	296	4,404	438	1,734	2,172	6,576
Taxes and licenses	-	-	-	-	-	-	5,170	5,170	5,170
Recruitment	1,759	1,075	-	113	2,947	969	986	1,955	4,902
Award entry fees	1,495	2,343	-	-	3,838	-	-	-	3,838
Data processing supplies	1,263	820	-	81	2,164	695	707	1,402	3,566
Advertising expense	2,011	720	510	-	3,241	-	-	-	3,241
Gas and oil, vehicles	1,120	415	-	194	1,729	-	449	449	2,178
Telemarketing	-	-	-	-	-	31	-	31	31
Direct material	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-
Video heads and tapes	-	-	-	-	-	-	-	-	-
Income taxes of subsidiary	-	(2,000)	-	-	(2,000)	-	-	-	(2,000)
Provision for uncollectible accounts	(18,366)	-	-	-	(18,366)	(5,395)	-	(5,395)	(23,761)
	<u>\$ 3,583,535</u>	<u>\$ 6,418,785</u>	<u>\$ 273,597</u>	<u>\$ 413,390</u>	<u>\$ 10,689,307</u>	<u>\$ 2,436,708</u>	<u>\$ 1,441,115</u>	<u>\$ 3,877,823</u>	<u>\$ 14,567,130</u>

See accompanying notes.

WITF, Inc. and Subsidiary

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

Year Ended June 30, 2020

	Program Services					Support Services			Totals
	Programming and Production	Broadcasting and Income Taxes	Program Information	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 721,482	\$ 1,293,586	\$ 124,683	\$ 85,737	\$ 2,225,488	\$ 856,061	\$ 553,593	\$ 1,409,654	\$ 3,635,142
Station compensation	-	28,302	-	-	28,302	-	-	-	28,302
Program acquisition	762,213	627,434	-	-	1,389,647	-	-	-	1,389,647
Depreciation and amortization	425,811	631,988	10,541	5,800	1,074,140	115,255	160,610	275,865	1,350,005
Direct labor	455,157	268,116	-	68,121	791,394	13,563	-	13,563	804,957
Membership maintenance	-	-	-	-	-	387,500	-	387,500	387,500
Group life and hospitalization	81,063	115,925	9,636	2,703	209,327	77,870	62,919	140,789	350,116
Payroll taxes	87,612	101,479	8,824	9,432	207,347	62,973	42,474	105,447	312,794
Interest expense	308,469	91,774	6,007	1,660	407,910	82,118	125,114	207,232	615,142
Consulting services	20,824	81,574	-	8,712	111,110	3,367	37,313	40,680	151,790
Retirement	44,455	57,759	5,185	4,386	111,785	38,609	24,868	63,477	175,262
Affiliate dues and fees	153,367	71,352	-	-	224,719	500	19,820	20,320	245,039
Dues and subscriptions	92,771	32,045	4,697	2,847	132,360	11,546	15,467	27,013	159,373
Maintenance and repairs	95,576	43,223	2,362	4,112	145,273	21,307	42,524	63,831	209,104
Direct mail promotion	-	-	-	-	-	194,246	-	194,246	194,246
Cost of premiums	453	34	228	-	715	165,481	142	165,623	166,338
Professional fees	61,847	66,589	5,298	6,537	140,271	50,060	37,159	87,219	227,490
Power and light	90,892	44,214	1,323	366	136,795	18,093	27,566	45,659	182,454
Rent, tower site	107,841	52,732	-	-	160,573	-	-	-	160,573
Insurance	46,774	22,719	1,098	698	71,289	12,253	32,658	44,911	116,200
Pledge activity	10,065	-	-	-	10,065	103,571	-	103,571	113,636
Banking fees	-	1,271	-	-	1,271	56,031	51,567	107,598	108,869
Internet access	18,569	48,830	1,588	1,588	70,575	10,225	18,605	28,830	99,405
Miscellaneous supplies	21,645	1,599	6	40,361	63,611	-	120	120	63,731
Outside printing	9,382	595	735	12,191	22,903	54,935	-	54,935	77,838
Operating expenses of subsidiary, including depreciation expense of \$617	-	164,660	-	-	164,660	-	-	-	164,660
Other expenses	31,298	18,801	-	325	50,424	-	78	78	50,502
Special surveys	-	15,326	-	-	15,326	-	-	-	15,326
Amortization of broadcast rights	37,093	-	-	-	37,093	-	-	-	37,093
Telephone	8,799	14,403	1,063	613	24,878	7,748	7,119	14,867	39,745
Postage	4,035	2,455	242	4,338	11,070	9,116	1,501	10,617	21,687
Other building utilities	11,888	3,480	228	63	15,659	3,114	4,744	7,858	23,517

See accompanying notes.

WITF, Inc. and Subsidiary

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

Year Ended June 30, 2020

	Program Services					Supporting Services			Totals
	Programming and Production	Broadcasting and Income Taxes	Program Information	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Pennsylvania unemployment insurance	\$ 8,238	\$ 7,665	\$ 881	\$ 684	\$ 17,468	\$ 3,583	\$ 2,514	\$ 6,097	\$ 23,565
Training	2,801	9,573	136	136	12,646	2,849	4,589	7,438	20,084
Rent, equipment	10,565	1,365	11	6,080	18,021	156	237	393	18,414
Other employee benefits	4,138	5,481	438	540	10,597	3,052	2,645	5,697	16,294
Travel and entertainment	19,410	24,971	1,684	2,706	48,771	24,829	10,094	34,923	83,694
Office supplies	3,191	2,787	273	273	6,524	1,943	2,349	4,292	10,816
Barter expense	3,243	2,814	113,863	277	120,197	1,785	1,679	3,464	123,661
Miscellaneous	4,925	929	-	1,122	6,976	529	1,991	2,520	9,496
Taxes and licenses	-	-	-	-	-	-	5,170	5,170	5,170
Recruitment	2,544	4,273	218	218	7,253	1,401	1,317	2,718	9,971
Award entry fees	1,105	2,346	-	-	3,451	-	-	-	3,451
Data processing supplies	1,260	1,093	108	108	2,569	693	652	1,345	3,914
Advertising expense	23,927	17,461	8,580	1,785	51,753	-	-	-	51,753
Gas and oil, vehicles	1,779	1,673	28	439	3,919	-	905	905	4,824
Telemarketing	-	-	-	-	-	-	-	-	-
Direct material	-	-	-	-	-	3,250	-	3,250	3,250
Income taxes	-	1,183	-	-	1,183	-	-	-	1,183
Video heads and tapes	195	-	-	-	195	-	-	-	195
Income taxes of subsidiary	-	(83,000)	-	-	(83,000)	-	-	-	(83,000)
Provision for uncollectible accounts	19,819	1,000	-	-	20,819	9,239	-	9,239	30,058
	<u>\$ 3,816,521</u>	<u>\$ 3,903,879</u>	<u>\$ 309,964</u>	<u>\$ 274,958</u>	<u>\$ 8,305,322</u>	<u>\$ 2,408,851</u>	<u>\$ 1,300,103</u>	<u>\$ 3,708,954</u>	<u>\$ 12,014,276</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, 2019	\$ 29,771,278	\$ 1,509,653	\$ 31,280,931
Changes in net assets	<u>(778,975)</u>	<u>(167,701)</u>	<u>(946,676)</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	<u>\$ 39,171,403</u>	<u>\$ 1,941,426</u>	<u>\$ 41,112,829</u>

WITF, Inc. and Subsidiary

Consolidated Statement of Cash Flows

	Years Ended June 30,	
	2021	2020
Cash Flows from Operating Activities		
Changes in net assets	\$ 10,778,574	\$ (946,676)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,354,267	1,350,622
Amortization of broadcast rights	1,402,887	1,424,707
Amortization of loan closing costs	-	107,805
Barter revenue	(13,117)	(108,228)
Barter expense	7,969	123,661
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	(26,577)	(98,068)
Change in accrued pension liability	-	(2,524,623)
Provision for uncollectible accounts and bad debts	(23,761)	30,058
Change in unamortized discount	(1,376)	(2,085)
(Gain) loss on sale of investments	(1,146,108)	218,710
Provision for valuation allowance for deferred income taxes	50,000	150,000
Proceeds from sale of donated securities	26,577	98,068
Unrealized holding gains on investments	(5,580,967)	(838,847)
Gain on sale of property and equipment	(11,347)	-
Change in interest in net assets of a community foundation	(20,293)	7,442
Change in deferred income taxes	(2,000)	(9,000)
Change in interest rate swap liability	(480,087)	750,122
(Increase) decrease in assets		
Accounts receivable	(36,529)	(74,991)
Grants receivable	(70,809)	(229,006)
Contracts receivable	31,635	22,483
Inventory and prepaid expenses	(34,042)	12,834
Promises to give	311,145	561,261
Increase (decrease) in liabilities		
Accounts payable	455,824	(66,334)
Accrued payroll and vacation	33,026	83,778
Accrued and withheld payroll taxes	1,761	1,243
Deferred revenue	(375,837)	(510,318)
Accrued interest payable	2,285	(24,966)
Charitable gift annuity obligation	(7,615)	(10,298)
Net Cash Provided by (Used in) Operating Activities	4,708,088	(500,646)

WITF, Inc. and Subsidiary

Consolidated Statement of Cash Flows (continued)

	Years Ended June 30,	
	2021	2020
Cash Flows from Investing Activities		
Capital expenditures	\$ (1,382,704)	\$ (473,955)
Purchase of broadcast rights	(1,419,178)	(1,423,773)
Purchase of investments	(2,062,475)	(990,332)
Proceeds from sale of investments	1,015,945	4,898,479
Proceeds from sale of property and equipment	11,347	-
	<u>(3,837,065)</u>	<u>2,010,419</u>
Net Cash Provided by (Used in) Investing Activities		
Cash Flows from Financing Activities		
Principal repayments of obligations under capital leases	(2,815)	(7,297)
Restricted contributions - Endowment	1,000,000	-
Cash paid for termination of interest rate swaps	-	(208,518)
Proceeds received for long-term debt	-	13,911,900
Principal repayments of long-term debt	(701,002)	(13,726,964)
	<u>296,183</u>	<u>(30,879)</u>
Net Cash Provided by (Used in) Financing Activities		
Net Increase in Cash and Cash Equivalents		
	1,167,206	1,478,894
Cash at Beginning of Year	<u>1,879,302</u>	<u>400,408</u>
Cash at End of Year	<u>\$ 3,046,508</u>	<u>\$ 1,879,302</u>
Cash Consists of		
Cash, operating	\$ 2,691,967	\$ 1,801,587
Cash, restricted	354,541	77,715
	<u>\$ 3,046,508</u>	<u>\$ 1,879,302</u>
Supplementary Cash Flows Information		
Interest paid	<u>\$ 296,754</u>	<u>\$ 532,303</u>
Income taxes paid (refunded)	<u>\$ -</u>	<u>\$ 1,183</u>

Supplementary Schedule of Noncash Investing and Financing Activities**In 2021**

The Organizations included \$835,841 of property and equipment in accounts payable.
The Organizations ended barter agreements totaling \$10,569.

In 2020

The Organizations included \$316,922 of property and equipment in accounts payable.
The Organizations entered into new barter agreements totaling \$116,582.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020, management established the allowance for doubtful accounts of \$38,410 and \$52,633, 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 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 \$37,878 for the year ending June 30, 2022, \$16,396 for the year ending June 30, 2023, and \$743 for the year ending June 30, 2024.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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, 2021, 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, 2021 and 2020

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, 2021 and 2020.

Loan Closing Costs

Costs related to the closing of long-term debt are capitalized and amortized to interest expense over the straight-line terms of the related long-term debt. During the year ended June 30, 2020, the related long-term debt was refinanced (refer to Note 13) and the remaining amortization was recognized and the loan costs were written off. Total amortization expense recognized in interest expense amounted \$107,805 for the year ended June 30, 2020.

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, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions and Underwriting Revenue (continued)

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.

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.

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, 2021 and 2020

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 \$200,000 and \$150,000 as of June 30, 2021 and 2020, 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, 2018.

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, 2018.

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 August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurements (Topic 820)*. The amendments in this ASU removes, modifies, and adds certain disclosure requirements of Accounting Standards Codification Topic 820. The Organization implemented this standard during the year ended June 30, 2021. The Organizations have determined that the adoption of ASU 2018-13 did not have a material effect on the 2020 consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, and subsequently amended in ASU 2019-10. The guidance in this ASU 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 will be effective for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require 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 will require 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.

The Organizations are currently evaluating the impact of the pending adoption of the new standards on the consolidated financial statements.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020:

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, 2021 and 2020

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, 2021 and 2020 because of the short maturities of those instruments. The carrying amounts of promises to give and charitable gift annuity obligation as of June 30, 2021 and 2020 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, 2021 and 2020 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:

	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)	\$ -

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 3 - Fair Value of Financial Instruments (continued)

	2020			
	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	\$ 19,253	\$ 19,253	\$ -	\$ -
Mutual Funds				
Equity - domestic	12,938,425	12,938,425	-	-
Fixed income	9,500,351	9,500,351	-	-
Equity - international	4,490,371	4,490,371	-	-
Other real assets	3,825	3,825	-	-
Total Mutual Funds	26,932,972	26,932,972	-	-
	26,952,225	<u>\$ 26,952,225</u>	<u>\$ -</u>	<u>\$ -</u>
Alternative Investments (a)				
Hedge fund	1,444,694			
Total Investments	<u>\$ 28,396,919</u>			
Interest in Net Assets of a Community Foundation	<u>\$ 64,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,677</u>
Interest Rate Swap	<u>\$ (885,869)</u>	<u>\$ -</u>	<u>\$ (885,869)</u>	<u>\$ -</u>

(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. In such instances, the transfer is reported at the beginning of the reporting period.

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, 2021 and 2020, there were no transfers in or out of Level 3.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020.

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>2021</u>	<u>2020</u>
Financial Assets		
Cash, operating and restricted	\$ 3,046,508	\$ 1,879,302
Accounts receivable, net	511,998	457,103
Grants receivable	417,756	346,947
Contracts receivable	152,452	184,087
Promises to give, net - current portion	58,000	333,750
Investments	36,170,524	28,396,919
Estimated distributions from interest in net assets of community foundations	3,165	3,174
Estimated endowment spending-rate distributions and appropriations	1,438,000	1,128,000
Total Financial Assets	<u>41,798,403</u>	<u>32,729,282</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 4 - Liquidity and Availability (continued)

	<u>2021</u>	<u>2020</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Cash subject to donor restrictions	\$ (354,541)	\$ (77,715)
Grant receivable subject to donor restrictions	(48,050)	(343,263)
Promises to give subject to donor restrictions, current portion	(55,000)	(329,750)
Investments subject to donor restrictions	(1,296,023)	(342,153)
Board-designated investments for endowment	<u>(34,656,622)</u>	<u>(27,856,213)</u>
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(36,410,236)</u>	<u>(28,949,094)</u>
Financial Assets Available to be Used for General Expenditures Within One Year		
	<u>\$ 5,388,167</u>	<u>\$ 3,780,188</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>2021</u>	<u>2020</u>
Checking, money market, and repurchase accounts	<u>\$ 3,046,508</u>	<u>\$ 1,879,302</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. Present value discount factors range from 1.97% to 3.21%.

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 and 2020 are considered current.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 6 - Promises to Give (continued)

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

	<u>2021</u>	<u>2020</u>
Promises to give - <i>On Trusted Ground</i> campaign	\$ 172,100	\$ 215,100
Promises to give - PA Post	<u>30,000</u>	<u>304,750</u>
	202,100	519,850
Unamortized discount	(2,640)	(4,016)
Allowance for uncollectible promises to give	<u>(109,100)</u>	<u>(121,100)</u>
	<u>\$ 90,360</u>	<u>\$ 394,734</u>

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

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 167,100	\$ 454,850
Receivable in one to five years	<u>35,000</u>	<u>65,000</u>
	<u>\$ 202,100</u>	<u>\$ 519,850</u>
Current portion	\$ 58,000	\$ 333,750
Noncurrent portion	<u>32,360</u>	<u>60,984</u>
	<u>\$ 90,360</u>	<u>\$ 394,734</u>

Note 7 - Investments

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

	<u>2021</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized</u>		
		<u>Gains</u>	<u>Losses</u>	
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	<u>8,466</u>	<u>1,323</u>	<u>-</u>	<u>9,789</u>
Total Mutual Funds	<u>27,840,915</u>	<u>6,485,607</u>	<u>(363,706)</u>	<u>33,962,816</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 7 - Investments (continued)

	2021			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
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>
	2020			
Cash and Cash Equivalents	\$ 19,253	\$ -	\$ -	\$ 19,253
Mutual Funds				
Equity - domestic	11,823,599	1,256,973	(142,147)	12,938,425
Fixed income	9,039,683	461,095	(427)	9,500,351
Equity - international	4,614,825	150,821	(275,275)	4,490,371
Other real assets	4,164	-	(339)	3,825
Total Mutual Funds	<u>25,482,271</u>	<u>1,868,889</u>	<u>(418,188)</u>	<u>26,932,972</u>
Alternative Investment				
Hedge fund	1,006,431	438,263	-	1,444,694
	<u>\$ 26,507,955</u>	<u>\$ 2,307,152</u>	<u>\$ (418,188)</u>	<u>\$ 28,396,919</u>

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

	2021	2020
Net realized and unrealized gains	\$ 6,727,075	\$ 620,137
Interest and dividends, net of fees	<u>774,279</u>	<u>679,232</u>
	<u>\$ 7,501,354</u>	<u>\$ 1,299,369</u>

Long-term investments held as of June 30, 2021 and 2020 are comprised of investments in fixed income and equity securities. The Organizations have recorded total unrealized holding losses on five and seventeen 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, 2021 and 2020

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:

	2021					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
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>
	2020					
Mutual Funds						
Equity - domestic	\$ 2,657,210	\$ (142,147)	\$ -	\$ -	\$ 2,657,210	\$ (142,147)
Fixed income	-	-	3,816	(427)	3,816	(427)
Equity - international	22,556	(934)	2,952,479	(274,341)	2,975,035	(275,275)
Other real assets	3,825	(339)	-	-	3,825	(339)
	<u>\$ 2,683,591</u>	<u>\$ (143,420)</u>	<u>\$ 2,956,295</u>	<u>\$ (274,768)</u>	<u>\$ 5,639,886</u>	<u>\$ (418,188)</u>

Note 8 - Property and Equipment

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

	2021	2020
Building	\$ 16,746,449	\$ 16,746,449
Broadcasting equipment	8,247,509	8,007,468
Production equipment	2,443,694	2,430,221
DTV equipment	2,088,618	1,079,408
Land *	1,542,360	1,542,360
Office equipment	1,254,237	1,724,619
Leasehold improvements	1,053,924	547,940
Furniture and fixtures	837,980	839,127
Donated equipment	603,920	603,920
FM equipment	184,558	191,308
Trucks	150,947	214,140
Uplink equipment	129,532	129,532
Building improvements	54,147	54,147
Domain name	6,000	6,000
	<u>35,343,875</u>	<u>34,116,639</u>
Accumulated depreciation and amortization	<u>(20,432,627)</u>	<u>(19,752,747)</u>
	<u>\$ 14,911,248</u>	<u>\$ 14,363,892</u>

* Not depreciated

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 8 - Property and Equipment (continued)

Depreciation and amortization expense amounted to \$1,354,267 and \$1,350,622 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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 \$84,970 and \$64,677 as of June 30, 2021 and 2020, 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, 2021 and 2020

Note 11 - Endowments (continued)

Interpretation of Relevant Law (continued)

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>2021</u>	<u>2020</u>
Without donor restrictions	\$ 34,741,592	\$ 27,920,890
With donor restrictions	<u>1,296,023</u>	<u>342,153</u>
	<u>\$ 36,037,615</u>	<u>\$ 28,263,043</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 11 - Endowments (continued)**Interpretation of Relevant Law (continued)**

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning	\$ 27,920,890	\$ 342,153	\$ 28,263,043
Contributions	227,688	1,000,000	1,227,688
Investment return			
Interest and dividends	817,974	13,584	831,558
Realized and unrealized holding gains (losses)	6,743,153	(42,836)	6,700,317
Disbursements	(927,688)	-	(927,688)
Fees	(56,595)	(708)	(57,303)
Transfer	16,170	(16,170)	-
Endowment Net Assets, Ending	\$ 34,741,592	\$ 1,296,023	\$ 36,037,615
	2020		
Endowment Net Assets, Beginning	\$ 31,216,118	\$ 329,934	\$ 31,546,052
Contributions	263,088	-	263,088
Investment return			
Interest and dividends	712,015	11,231	723,246
Realized and unrealized holding gains	594,881	14,417	609,298
Disbursements	(4,833,678)	-	(4,833,678)
Fees	(44,613)	(350)	(44,963)
Transfer	13,079	(13,079)	-
Endowment Net Assets, Ending	\$ 27,920,890	\$ 342,153	\$ 28,263,043

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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 absences 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 has no underwater endowments as of June 30, 2021 and 2020. 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, 2021 and 2020

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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Office equipment	\$ 11,832	\$ 11,832
Accumulated depreciation	<u>(9,149)</u>	<u>(6,782)</u>
	<u>\$ 2,683</u>	<u>\$ 5,050</u>
Amortization expense	<u>\$ 2,367</u>	<u>\$ 7,010</u>
Interest expense	<u>\$ 735</u>	<u>\$ 1,956</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 two years ending June 30:

2022	\$ 2,403
2023	<u>407</u>
	2,810
Amount representing interest	<u>(133)</u>
	<u>\$ 2,677</u>
Current portion	\$ 2,274
Noncurrent portion	<u>403</u>
	<u>\$ 2,677</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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 23). 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. The loan was unsecured and did not require personal guarantees. Interest rate on the loan was a fixed rate of 1.00%. Based on the original terms of the loan agreement, the loan was to accrue interest for the first six months following the date of the loan and thereafter would convert to monthly payments of principal and interest over the remaining term, or \$50,661 beginning on November 13, 2020. The Paycheck Protection Program Flexibility Act of 2020 extended the deferral period for borrower payments of principal, interest, and fees on the loan to the date that the SBA remits the loan forgiveness amount, or if loan forgiveness was not requested, ten months after the end of the loan forgiveness covered period, which generally begins on the date the loan proceeds were received. Monthly payments of principal and interest would thereafter be recalculated by the lender to fully amortize any outstanding amounts remaining after forgiveness over the remaining term of the loan. The loan had a maturity date of April 13, 2022. 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% and 1.27% as of June 30, 2021 and 2020, respectively. 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. The expiration date of the line is December 31, 2022. There were no borrowings on the line as of June 30, 2021 and 2020.

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

	<u>2021</u>	<u>2020</u>
PNC Bank	\$ 12,012,034	\$ 12,713,036
PNC Bank - PPP	-	911,900
	12,012,034	13,624,936
Current maturities of long-term debt	(723,019)	(701,002)
	<u>\$ 11,289,015</u>	<u>\$ 12,923,934</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 13 - Long-Term Debt (continued)

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:

2022	\$	723,019
2023		745,682
2024		766,561
2025		794,037
2026		818,803
Thereafter		<u>8,163,932</u>
	\$	<u>12,012,034</u>

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.

In order to achieve a fixed interest rate on a portion of a prior variable rate debt agreement, WITF entered into an interest rate swap agreement that began on September 28, 2005. The agreement provided for WITF to pay a fixed rate of interest of 3.40% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of 68% of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to \$2,226,000 at the beginning of the agreement, increasing to a high of \$11.2 million through 2009, and then decrease to \$7.7 million at maturity. This interest rate swap agreement was terminated on December 26, 2019 with WITF paying a termination fee of \$146,000, of which \$18,482 repaid accrued interest.

WITF entered into another interest rate swap agreement that began on April 1, 2008 related to a portion of a prior variable rate debt agreement. The agreement provided for WITF to pay a fixed rate of interest of 2.98% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of 68% of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to \$7,600,000 at the beginning of the agreement and will decrease to \$5,106,000 at maturity. This interest rate swap agreement was terminated on December 26, 2019 with WITF paying a termination fee of \$81,000.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Commitments

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

2022	\$	154,192
2023		64,317
2024		30,382
2025		31,294
2026		32,232
Thereafter		604,633

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 four years ending June 30:

2022	\$	234,699
2023		158,450
2024		36,816
2025		1,893

Rent expense amounted to \$168,238 and \$173,922 for the years ended June 30, 2021 and 2020, respectively, excluding sublease income of \$196,283 and \$205,319, 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.

Deferred revenue on the above leases amounted to \$1,575,644 and \$1,948,235 for the years ended June 30, 2021 and 2020, respectively. Rental income on the above leases amounted to \$1,283,547 for each of the years ended June 30, 2021 and 2020.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Commitments (continued)

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

2022	\$	937,165
2023		965,280
2024		994,238
2025		1,024,065
2026		1,054,787
Thereafter		<u>14,473,703</u>
	\$	<u>19,449,238</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>2021</u>	<u>2020</u>
Undesignated	\$ 4,429,811	\$ 1,071,413
Board-designated for Endowment	<u>34,741,592</u>	<u>27,920,890</u>
	<u>\$ 39,171,403</u>	<u>\$ 28,992,303</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>2021</u>	<u>2020</u>
Subject to the passage of time		
Television and radio underwriting contracts	\$ 152,452	\$ 184,087
Promises to give - <i>On Trusted Ground</i> campaign	60,360	89,984
Promises to give - PA Post	30,000	304,750
Grant receivable - Report for America	27,450	30,000
Grant receivable - <i>StateImpact PA</i>	18,100	25,000
Grant receivable - other	2,500	5,000
Grant receivable - Learning at Home	-	142,857
Grant receivable - educational events	-	55,000
Grant receivable - TV translators relocation	-	42,906
Grant receivable - America Amplified	-	42,500

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 17 - Net Assets with Donor Restrictions (continued)

	<u>2021</u>	<u>2020</u>
Subject to expenditures for a specific purpose		
Cash - educational events	\$ 283,601	\$ 18,715
Cash - <i>StateImpact PA</i>	50,000	50,000
Cash - Media Literacy	14,691	-
Cash - other	6,249	9,000
Perpetual in nature		
Endowment investments	<u>1,296,023</u>	<u>342,153</u>
	<u>\$ 1,941,426</u>	<u>\$ 1,341,952</u>

Note 18 - Donated Services and Materials

WITF receives services donated by people interested in WITF's programs. However, when the value of donated services is ascertainable and the services meet the requirements for financial statement recognition, they are reflected in the consolidated financial statement as revenue and expenses. There were no donated licensing agreements, equipment, or professional services recorded for each of the years ended June 30, 2021 and 2020.

Note 19 - Retirement

WITF sponsored a defined benefit pension plan. The benefits under this plan were frozen effective April 30, 2005. The Board of Directors approved the termination of the pension plan on June 18, 2019. The termination liability amounted to approximately \$2.5 million and was funded by the board-designated endowment. The official plan termination date was September 20, 2019 with final payouts made in February 2020 and March 2020.

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, 2021 and 2020 amounted to \$227,054 and \$230,262, respectively.

Note 20 - Income Taxes

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

	<u>2021</u>	<u>2020</u>
Deferred tax expense (benefit), excluding effects of the following	\$ -	\$ (74,000)
Benefit of net operating loss carryforwards	<u>(2,000)</u>	<u>(9,000)</u>
	<u>\$ (2,000)</u>	<u>\$ (83,000)</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 20 - Income Taxes (continued)

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

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

	2021		
	Federal	State	Total
Deferred income tax assets	\$ 606,000	\$ 347,000	\$ 953,000
Valuation allowance	(127,000)	(73,000)	(200,000)
	<u>\$ 479,000</u>	<u>\$ 274,000</u>	<u>\$ 753,000</u>
	2020		
Deferred income tax assets	\$ 605,000	\$ 346,000	\$ 951,000
Valuation allowance	(95,000)	(55,000)	(150,000)
	<u>\$ 510,000</u>	<u>\$ 291,000</u>	<u>\$ 801,000</u>

Enterprises has federal net operating loss carryforwards of \$3,235,049 and state net operating loss carryforwards of \$3,481,927.

The net operating losses will expire as follows through the years ending June 30, 2041:

	Federal	State
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
	<u>\$ 2,864,412</u>	<u>\$ 3,481,927</u>

Additionally, Enterprises has federal net operating loss carryforwards of \$370,637 that will not expire under current tax guidance.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020 amounted to \$1,138,711 and \$1,444,090, respectively.

Note 22 - Concentrations of Cash and Credit Risk

At times during the years ended June 30, 2021 and 2020, 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.

Note 23 - 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 financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 24 - Subsequent Events

The Organizations have evaluated subsequent events through October 18, 2021. This date is the date the consolidated financial statements were available to be issued. No material events subsequent to June 30, 2021 were noted.

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information

	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	-	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 Financial Position Information (continued)

	June 30, 2020			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Assets				
Current Assets				
Cash, operating	\$ 1,798,286	\$ 3,301	\$ -	\$ 1,801,587
Cash, restricted	77,715	-	-	77,715
Accounts receivable, net	457,103	-	-	457,103
Grants receivable	346,947	-	-	346,947
Contracts receivable	184,087	-	-	184,087
Inventory and prepaid expenses	155,802	-	-	155,802
Broadcast rights	38,726	-	-	38,726
Promises to give, net	333,750	-	-	333,750
Investments	8,928,194	-	-	8,928,194
Due from WITF Enterprises, Inc.	3,091,527	-	(3,091,527)	-
Total Current Assets	15,412,137	3,301	(3,091,527)	12,323,911
Property and Equipment, Net	14,361,208	2,684	-	14,363,892
Other Assets				
Investments	19,468,725	-	-	19,468,725
Station license	910,000	-	-	910,000
Deferred income taxes	-	801,000	-	801,000
Interest in net assets of a community foundation	64,677	-	-	64,677
Promises to give, net	60,984	-	-	60,984
Investment in affiliates	(2,284,542)	-	2,284,542	-
Total Other Assets	18,219,844	801,000	2,284,542	21,305,386
Total Assets	\$ 47,993,189	\$ 806,985	\$ (806,985)	\$ 47,993,189

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information (continued)

	June 30, 2020			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity (Deficit)				
Current Liabilities				
Current maturities of long-term debt	\$ 701,002	\$ -	\$ -	\$ 701,002
Current portion of obligations under capital leases	2,815	-	-	2,815
Accounts payable	606,341	-	-	606,341
Accrued payroll and vacation	337,635	-	-	337,635
Accrued and withheld payroll taxes	9,625	-	-	9,625
Deferred revenue	1,402,060	-	-	1,402,060
Accrued interest payable	26,590	-	-	26,590
Broadcast rights	5,826	-	-	5,826
Due to WITF, Inc.	-	3,091,527	(3,091,527)	-
Total Current Liabilities	3,091,894	3,091,527	(3,091,527)	3,091,894
Other Liabilities				
Long-term debt	12,923,934	-	-	12,923,934
Interest rate swap liability	885,869	-	-	885,869
Deferred revenue	664,687	-	-	664,687
Charitable gift annuity obligation	89,873	-	-	89,873
Obligations under capital leases	2,677	-	-	2,677
Total Other Liabilities	14,567,040	-	-	14,567,040
Total Liabilities	17,658,934	3,091,527	(3,091,527)	17,658,934
Net Assets				
Without donor restrictions	28,992,303	-	-	28,992,303
With donor restrictions	1,341,952	-	-	1,341,952
Total Net Assets	30,334,255	-	-	30,334,255
Stockholder's Equity (Deficit)				
Common stock	-	100	(100)	-
Paid-in capital	-	503,189	(503,189)	-
Retained earnings	-	(2,787,831)	2,787,831	-
Total Stockholder's Equity (Deficit)	-	(2,284,542)	2,284,542	-
Total Net Assets/ Stockholder's Equity (Deficit)	30,334,255	(2,284,542)	2,284,542	30,334,255
Total Liabilities and Net Assets/Stockholder's Equity (Deficit)	\$ 47,993,189	\$ 806,985	\$ (806,985)	\$ 47,993,189

WITF, Inc. and Subsidiary

Consolidating Schedule of Activities Information

	Year Ended June 30, 2021					
	WITF, Inc.			WITF Enterprises, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue						
Contributions	\$ 11,045,864	\$ 1,387,669	\$ 12,433,533	\$ -	\$ -	\$ 12,433,533
Fees and rentals	3,180,262	-	3,180,262	-	-	3,180,262
Gain on sale of investments	1,146,108	-	1,146,108	-	-	1,146,108
Program underwriting	-	804,539	804,539	-	-	804,539
Interest income, net of fees	776,304	-	776,304	1	-	776,305
Gain on sale of property and equipment	11,347	-	11,347	-	-	11,347
Net assets released from restrictions	1,546,604	(1,546,604)	-	-	-	-
Investment in subsidiary income	(57,117)	-	(57,117)	-	57,117	-
Total Revenue	17,649,372	645,604	18,294,976	1	57,117	18,352,094
Expenses						
Programming and production	3,583,535	-	3,583,535	-	-	3,583,535
Broadcasting	6,361,667	-	6,361,667	59,118	-	6,420,785
Fundraising	2,436,708	-	2,436,708	-	-	2,436,708
Management and general	1,441,115	-	1,441,115	-	-	1,441,115
Education	413,390	-	413,390	-	-	413,390
Program information	273,597	-	273,597	-	-	273,597
Income taxes	-	-	-	(2,000)	-	(2,000)
Total Expenses	14,510,012	-	14,510,012	57,118	-	14,567,130
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)
Loss on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	-	-	-	-	-	-
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 Activities Information (continued)

	Year Ended June 30, 2020					
	WITF, Inc.			WITF Enterprises, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue						
Contributions	\$ 5,962,403	\$ 450,978	\$ 6,413,381	\$ -	\$ -	\$ 6,413,381
Fees and rentals	3,294,172	-	3,294,172	1	-	3,294,173
Loss on sale of investments	(218,710)	-	(218,710)	-	-	(218,710)
Program underwriting	-	1,107,515	1,107,515	-	-	1,107,515
Interest income, net of fees	686,900	-	686,900	-	-	686,900
Gain on sale of property and equipment	-	-	-	-	-	-
Net assets released from restrictions	1,738,413	(1,738,413)	-	-	-	-
Investment in subsidiary income	(169,578)	-	(169,578)	-	169,578	-
Total Revenue	<u>11,293,600</u>	<u>(179,920)</u>	<u>11,113,680</u>	<u>1</u>	<u>169,578</u>	<u>11,283,259</u>
Expenses						
Programming and production	3,816,521	-	3,816,521	-	-	3,816,521
Broadcasting	3,821,036	-	3,821,036	164,660	-	3,985,696
Fundraising	2,408,851	-	2,408,851	-	-	2,408,851
Management and general	1,300,103	-	1,300,103	-	-	1,300,103
Education	274,958	-	274,958	-	-	274,958
Program information	309,964	-	309,964	-	-	309,964
Income taxes	1,183	-	1,183	(83,000)	-	(81,817)
Total Expenses	<u>11,932,616</u>	<u>-</u>	<u>11,932,616</u>	<u>81,660</u>	<u>-</u>	<u>12,014,276</u>
Excess (Deficiency) of Revenue over (under) Expenses	(639,016)	(179,920)	(818,936)	(81,659)	169,578	(731,017)
Change in Interest in Net Assets of a Community Foundation	(7,442)	-	(7,442)	-	-	(7,442)
Unrealized Holding Gains on Investments	826,628	12,219	838,847	-	-	838,847
Change in Fair Value of Interest Rate Swap	(750,122)	-	(750,122)	-	-	(750,122)
Change in Charitable Gift Annuity Obligation	(6,493)	-	(6,493)	-	-	(6,493)
Loss on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	(202,530)	-	(202,530)	(87,919)	-	(290,449)
Forgiveness of Long-Term Debt and Accrued Interest	-	-	-	-	-	-
Changes in Net Assets/Net Loss	<u>\$ (778,975)</u>	<u>\$ (167,701)</u>	<u>\$ (946,676)</u>	<u>\$ (169,578)</u>	<u>\$ 169,578</u>	<u>\$ (946,676)</u>

WITF, Inc. and Subsidiary

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

	Years Ended June 30, 2021 and 2020									
	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, June 30, 2019	\$ 29,771,278	\$ 1,509,653	\$ 31,280,931	\$ 100	\$ 503,189	\$ (197,046)	\$ (2,421,207)	\$ (2,114,964)	\$ 2,114,964	\$ 31,280,931
Changes in net assets/net loss	(778,975)	(167,701)	(946,676)	-	-	-	(81,659)	(81,659)	81,659	(946,676)
Other comprehensive loss for net periodic pension costs, net of \$74,000 of deferred tax benefit	-	-	-	-	-	(87,919)	-	(87,919)	87,919	-
Transfer to retained earnings	-	-	-	-	-	284,965	(284,965)	-	-	-
Net Assets/Stockholder's Equity, 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, 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

WITF, Inc. and Subsidiary

Consolidating Schedule of Revenue Information

	Year Ended June 30, 2021			
	WITF			
	WITF, Inc.	Enterprises, Inc.	Eliminations	Totals
Other grants	\$ 5,390,068	\$ -	\$ -	\$ 5,390,068
Memberships	2,692,243	-	-	2,692,243
Federal grants	1,830,777	-	-	1,830,777
Cash contributions	1,786,668	-	-	1,786,668
Educational Broadband Service	1,283,547	-	-	1,283,547
Gain on sale of investments	1,146,108	-	-	1,146,108
Satellite uplink services	869,526	-	-	869,526
Program underwriting	804,539	-	-	804,539
Interest income, net of fees	776,304	1	-	776,305
Program revenue	720,066	-	-	720,066
Special gifts	613,664	-	-	613,664
Tower rental	196,283	-	-	196,283
State grants	107,143	-	-	107,143
Equipment rental	70,943	-	-	70,943
Miscellaneous income	35,244	-	-	35,244
TV revenue	11,594	-	-	11,594
Gain on sale of property and equipment	11,347	-	-	11,347
School district revenue	3,940	-	-	3,940
Fundraising campaign	1,376	-	-	1,376
Teleconference revenue	500	-	-	500
Sale of premiums	213	-	-	213
Special events	-	-	-	-
Investment in subsidiary income	(57,117)	-	57,117	-
	<u>\$ 18,294,976</u>	<u>\$ 1</u>	<u>\$ 57,117</u>	<u>\$ 18,352,094</u>

WITF, Inc. and Subsidiary

Consolidating Schedule of Revenue Information (continued)

	Year Ended June 30, 2020			
	WITF			
	WITF, Inc.	Enterprises, Inc.	Eliminations	Totals
Other grants	\$ 1,050,753	\$ -	\$ -	\$ 1,050,753
Memberships	2,357,269	-	-	2,357,269
Federal grants	1,460,440	-	-	1,460,440
Cash contributions	722,329	-	-	722,329
Educational Broadband Service	1,283,547	-	-	1,283,547
Loss on sale of investments	(218,710)	-	-	(218,710)
Satellite uplink services	850,704	-	-	850,704
Program underwriting	1,107,515	-	-	1,107,515
Interest income, net of fees	686,900	1	-	686,901
Program revenue	716,297	-	-	716,297
Special gifts	624,618	-	-	624,618
Tower rental	205,319	-	-	205,319
State grants	86,143	-	-	86,143
Equipment rental	158,033	-	-	158,033
Miscellaneous income	32,730	-	-	32,730
TV revenue	94,743	-	-	94,743
Gain on sale of property and equipment	-	-	-	-
School district revenue	4,180	-	-	4,180
Fundraising campaign	17,086	-	-	17,086
Teleconference revenue	14,980	-	-	14,980
Sale of premiums	492	-	-	492
Special events	27,890	-	-	27,890
Investment in subsidiary income	(169,578)	-	169,578	-
	<u>\$ 11,113,680</u>	<u>\$ 1</u>	<u>\$ 169,578</u>	<u>\$ 11,283,259</u>

WITF, Inc. and Subsidiary

Schedule of Activities Information - TV and FM

	Year Ended June 30, 2021		
	TV	FM	Consolidated
Revenue			
Contributions	\$ 9,973,040	\$ 2,460,493	\$ 12,433,533
Fees and rentals	2,968,878	211,384	3,180,262
Gain on sale of investments	744,970	401,138	1,146,108
Program underwriting	316,436	488,103	804,539
Interest income, net of fees	687,625	88,680	776,305
Gain on sale of property and equipment	7,376	3,971	11,347
Total Revenue	14,698,325	3,653,769	18,352,094
Expenses			
Programming and production	3,583,535	-	3,583,535
Broadcasting	3,233,177	3,187,608	6,420,785
Fundraising	1,505,620	931,088	2,436,708
Management and general	918,293	522,822	1,441,115
Education	268,703	144,687	413,390
Program information	177,838	95,759	273,597
Income taxes	-	(2,000)	(2,000)
Total Expenses	9,687,166	4,879,964	14,567,130
Excess (Deficiency) of Revenue over Expenses	5,011,159	(1,226,195)	3,784,964
Change in Interest in Net Assets of a Community Foundation	13,190	7,103	20,293
Unrealized Holding Gains on Investments	3,627,628	1,953,339	5,580,967
Change in Fair Value of Interest Rate Swap	312,057	168,030	480,087
Change in Charitable Gift Annuity Obligation	(3,337)	(1,797)	(5,134)
Forgiveness of Long-Term Debt and Accrued Interest	596,308	321,089	917,397
Changes in Net Assets	\$ 9,557,005	\$ 1,221,569	\$ 10,778,574



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, 2021, 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 18, 2021.

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.

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 18, 2021
Harrisburg, Pennsylvania