The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Financial Report
June 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the Greater Washington Educational Telecommunications Association, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

McLean, Virginia
December 9, 2024

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	**$ 16,049,597**	$ 27,438,605
Accounts receivable, net of allowance for credit losses of $100,216 in 2024 and allowance for doubtful accounts of $120,676 in 2023	**11,205,060**	16,381,751
Promises to give, net	**9,580,621**	16,842,841
Investments	**24,205,065**	24,143,041
Deferred compensation investments	**2,667,894**	2,333,229
Prepaid expenses and other assets	**2,484,789**	1,775,211
Right-of-use lease asset—operating	**2,704,282**	2,913,364
Film assets	**54,805,310**	46,792,460
Investments restricted for endowment	**31,277,748**	27,976,184
Property and equipment, net	**63,629,472**	52,854,803
Total assets	**$ 218,609,838**	$ 219,451,489
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 8,468,299**	$ 12,550,701
Deferred revenue	**869,570**	722,760
Deferred gain on sale of assets	**2,045,675**	3,372,599
Refundable advances	**9,278,792**	10,012,062
Deferred compensation liability	**2,667,894**	2,333,229
Lease liability—operating	**2,822,845**	3,009,642
Loan payable	**200,000**	-
Total liabilities	**26,353,075**	32,000,993
Commitments and contingencies (Notes 7 and 13)		
Net assets:		
Without donor restrictions:		
Undesignated	**55,162,404**	16,134,231
Board designated	**35,977,375**	37,227,735
Total net assets without donor restrictions	**91,139,779**	53,361,966
With donor restrictions	**101,116,984**	134,088,530
Total net assets	**192,256,763**	187,450,496
Total liabilities and net assets	**$ 218,609,838**	$ 219,451,489

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Activities
Years Ended June 30, 2024 and 2023

	2024	2023
Changes in net assets without donor restrictions:		
Revenues and other support, including amounts released from restrictions:		
Production funding from Public Broadcasting System	$ 25,577,313	$ 26,811,886
Corporate underwriting and funding	6,163,987	5,888,365
Membership and individual contributions	30,909,896	31,711,801
Foundations and nonprofit organization contributions	1,340,611	3,361,534
Federal, state and local government grants	2,698,622	2,346,179
Rental income and other	3,100,512	2,980,137
Contributions of nonfinancial assets	10,841,609	214,860
Net assets released from restrictions:		
Production funding from Public Broadcasting System	9,023,402	10,217,514
Corporate underwriting and funding	9,450,921	6,551,722
Membership and individuals contributions	25,945,015	6,917,272
Foundations and nonprofit organizations	48,093,844	32,977,449
Federal, state and local government grants	253,555	246,988
Contributions of nonfinancial assets	200,000	200,000
Total net assets released from restrictions	92,966,737	57,110,945
Total revenues and other support without donor restrictions	173,599,287	130,425,707
Expenses:		
National programming and productions	82,261,561	71,311,247
Television broadcast operations	14,151,878	17,446,942
Radio broadcast operations	3,083,115	3,100,718
Promotion, education and outreach	8,820,346	8,613,757
Fundraising and membership development	7,230,408	7,407,544
Underwriting and grant solicitation	3,267,841	3,316,392
Management and general	15,743,194	13,662,830
Total expenses	134,558,343	124,859,430
Change in net assets without donor restrictions before other changes	39,040,944	5,566,277
Other changes:		
Net investment return	1,887,002	2,308,076
Loss on disposal of property and equipment	(427,374)	(1,230)
Amortization of gain on sale of production center	1,326,924	1,326,924
Depreciation and amortization	(3,575,164)	(1,352,133)
Interest expense	(830)	(828)
Property tax expense	(473,728)	(405,449)
Other nonoperating income	39	-
Total other changes	(1,263,131)	1,875,360
Total change in net assets without donor restrictions	37,777,813	7,441,637
Changes in net assets with donor restrictions:		
Television production and other restricted contributions	56,693,627	69,535,793
Contributions of nonfinancial assets	-	200,000
Endowment investment return	3,262,756	2,932,539
Endowment distributions	(2,020,982)	(6,434,988)
Endowment gifts	2,059,790	-
Net assets released from restrictions	(92,966,737)	(57,110,945)
Total change in net assets with donor restrictions	(32,971,546)	9,122,399
Change in net assets	4,806,267	16,564,036
Net assets:		
Beginning	187,450,496	170,886,460
Ending	$ 192,256,763	$ 187,450,496

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services					Supporting Services				
	National Programming and Productions	Television Broadcast Operations	Radio Broadcast Operations	Promotion, Education and Outreach	Total Program Services	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total Support Services	Total Expenses
Compensation of officers and directors	$ 2,987,753	$ 367,286	$ -	$ -	$ 3,355,039	$ -	$ -	$ 2,431,436	$ 2,431,436	$ 5,786,475
Other salaries and wages	24,786,037	2,857,731	2,021,831	4,585,821	34,251,420	2,518,343	1,532,832	4,618,406	8,669,581	42,921,001
Retirement plan contributions	1,979,927	284,441	139,781	326,341	2,730,490	185,461	94,592	566,844	846,897	3,577,387
Other employee benefits	2,899,263	416,515	204,686	477,870	3,998,334	271,576	138,514	830,046	1,240,136	5,238,470
Payroll taxes	1,824,461	262,107	128,806	300,716	2,516,090	170,898	87,165	522,335	780,398	3,296,488
Production and acquisition costs	43,749,231	3,262,984	99,908	1,176,159	48,288,282	107,678	483,000	198,636	789,314	49,077,596
Public Broadcasting Service dues	-	4,863,662	-	-	4,863,662	-	-	-	-	4,863,662
Accounting fees	-	-	-	-	-	-	-	385,127	385,127	385,127
Legal fees	-	-	-	-	-	-	-	282,327	282,327	282,327
Other professional fees	551,984	28,613	1,150	9,259	591,006	459,200	255,000	558,345	1,272,545	1,863,551
Supplies	125,338	9,581	8,955	109,945	253,819	9,843	7,915	476,538	494,296	748,115
Occupancy	426,532	577,130	135,717	50	1,139,429	3,545	-	1,933,921	1,937,466	3,076,895
Telephone	129,659	68,591	31,458	7,037	236,745	54,199	-	249,841	304,040	540,785
Postage and shipping	20,721	7,592	473	386,478	415,264	746,338	660	14,515	761,513	1,176,777
Equipment rental and maintenance	233,616	49,525	101,776	310,409	695,326	-	4,859	225,867	230,726	926,052
Printing and publications	5,656	159	-	340,456	346,271	511,380	-	-	511,380	857,651
Travel	1,453,431	91,887	4,276	70,465	1,620,059	66,528	6,060	15,918	88,506	1,708,565
Conferences, conventions and meetings	136,650	22,819	485	108,693	268,647	54,430	2,588	11,272	68,290	336,937
Advertising and promotions	87,120	37,686	831	410,104	535,741	350,424	378,118	-	728,542	1,264,283
Memberships and affiliations	7,431	35,424	69,882	937	113,674	10,326	250	182,068	192,644	306,318
All other expenses	856,751	908,145	133,100	199,606	2,097,602	1,710,239	276,288	2,239,752	4,226,279	6,323,881
Total expenses before other changes	82,261,561	14,151,878	3,083,115	8,820,346	108,316,900	7,230,408	3,267,841	15,743,194	26,241,443	134,558,343
Depreciation and amortization	550,445	72,680	271,252	9,539	903,916	-	-	2,671,248	2,671,248	3,575,164
Interest expense	-	-	-	-	-	-	-	830	830	830
Property tax expense	13,327	(816)	24,138	-	36,649	-	-	437,079	437,079	473,728
Other nonoperating expense	-	-	-	-	-	-	-	(39)	(39)	(39)
Grand totals	$ 82,825,333	$ 14,223,742	$ 3,378,505	$ 8,829,885	$ 109,257,465	$ 7,230,408	$ 3,267,841	$ 18,852,312	$ 29,350,561	$ 138,608,026

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services					Supporting Services				
	National Programming and Productions	Television Broadcast Operations	Radio Broadcast Operations	Promotion, Education and Outreach	Total Program Services	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total Support Services	Total Expenses
Compensation of officers and directors	$ 3,233,731	$ 325,972	$ -	$ -	$ 3,559,703	$ -	$ -	$ 1,774,958	$ 1,774,958	$ 5,334,661
Other salaries and wages	22,327,303	2,483,607	2,057,235	4,079,260	30,947,405	2,459,218	1,441,975	4,565,063	8,466,256	39,413,661
Retirement plan contributions	1,873,640	245,419	145,374	307,058	2,571,491	188,460	95,694	307,589	591,743	3,163,234
Other employee benefits	2,471,574	323,739	191,767	405,049	3,392,129	248,603	126,233	405,750	780,586	4,172,715
Payroll taxes	1,878,914	246,109	145,783	307,922	2,578,728	188,990	95,964	308,455	593,409	3,172,137
Production and acquisition costs	34,848,916	3,671,517	153,246	1,394,751	40,068,430	131,545	471,177	204,609	807,331	40,875,761
Public Broadcasting Service dues	-	8,523,002	-	-	8,523,002	-	-	-	-	8,523,002
Accounting fees	227,041	-	-	-	227,041	-	-	120,531	120,531	347,572
Legal fees	-	-	-	-	-	-	-	139,797	139,797	139,797
Other professional fees	530,868	93,795	7,729	49,194	681,586	898,339	259,350	661,719	1,819,408	2,500,994
Supplies	120,940	7,383	13,910	70,139	212,372	12,761	9,965	361,836	384,562	596,934
Occupancy	745,143	573,879	137,219	780	1,457,021	1,635	-	1,212,440	1,214,075	2,671,096
Telephone	168,243	95,987	33,643	4,735	302,608	60,136	157	221,220	281,513	584,121
Postage and shipping	30,444	5,476	734	329,060	365,714	747,266	424	11,635	759,325	1,125,039
Equipment rental and maintenance	261,728	84,918	75,697	19,953	442,296	-	4,488	329,968	334,456	776,752
Printing and publications	12,379	1,258	-	373,801	387,438	348,762	-	580	349,342	736,780
Travel	1,366,467	36,105	3,739	145,250	1,551,561	39,439	2,126	31,736	73,301	1,624,862
Conferences, conventions and meetings	156,444	10,433	410	86,047	253,334	90,020	565	20,929	111,514	364,848
Advertising and promotions	154,625	41,699	1,010	834,668	1,032,002	217,033	222,908	-	439,941	1,471,943
Memberships and affiliations	9,258	2,920	1,073	795	14,046	24,848	337	165,118	190,303	204,349
All other expenses	893,589	673,724	132,149	205,295	1,904,757	1,750,489	585,029	2,818,897	5,154,415	7,059,172
Total expenses before other changes	71,311,247	17,446,942	3,100,718	8,613,757	100,472,664	7,407,544	3,316,392	13,662,830	24,386,766	124,859,430
Depreciation and amortization	521,369	77,316	211,078	3,798	813,561	-	-	538,572	538,572	1,352,133
Interest expense	-	-	-	-	-	-	-	828	828	828
Property tax expense	11,691	-	23,625	-	35,316	-	-	370,133	370,133	405,449
Grand totals	$ 71,844,307	$ 17,524,258	$ 3,335,421	$ 8,617,555	$ 101,321,541	$ 7,407,544	$ 3,316,392	$ 14,572,363	$ 25,296,299	$ 126,617,840

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Change in net assets	**$**	**4,806,267**	$	16,564,036
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**3,575,164**		1,352,133
Unrealized and realized gain on investments		**(3,170,923)**		(3,568,763)
Change in provision for allowance for credit losses		**(5,034)**		-
Loss on disposal of property and equipment		**427,374**		1,230
Amortization of gain on sale of production center		**(1,326,924)**		(1,326,924)
Amortization of right-of-use asset—operating		**209,082**		203,618
Changes in assets and liabilities:				
Decrease (increase) in:				
Receivables		**12,443,945**		(10,923,555)
Prepaid expenses and other assets		**(709,578)**		264,234
Film assets		**(8,012,850)**		(6,356,589)
(Decrease) increase in:				
Accounts payable and accrued expenses		**(4,082,402)**		2,306,603
Lease liability—operating		**(186,797)**		(107,340)
Refundable advances		**(733,270)**		3,207,281
Deferred revenue		**146,810**		(33,371)
Net cash provided by operating activities		**3,380,864**		1,582,593
Cash flows from investing activities:				
Purchases of investment securities		**(2,807,435)**		(1,500,878)
Sales of investment securities		**2,614,770**		13,213,240
Purchases of property and equipment		**(14,777,207)**		(26,060,245)
Net cash used in investing activities		**(14,969,872)**		(14,347,883)
Cash flows from financing activities:				
Proceeds from loan payable		**200,000**		-
Net cash provided by financing activities		**200,000**		-
Net decrease in cash and cash equivalents		**(11,389,008)**		(12,765,290)
Cash and cash equivalents:				
Beginning		**27,438,605**		40,203,895
Ending	**$**	**16,049,597**	$	27,438,605
Supplemental disclosures of cash flow information:				
Interest paid	**$**	**830**	$	828
Operating cash outflows—payments on operating leases	**$**	**275,161**	$	269,765
Noncash right-of-use asset additions as of July 1	**$**	**-**	$	3,116,982
Noncash lease liabilities additions as of July 1	**$**	**-**	$	3,185,578
Supplemental schedule of noncash financing activities:				
Property and equipment purchases included in accounts payable and accrued expenses	**$**	**-**	$	2,777,853

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Greater Washington Educational Telecommunications Association, Inc. (WETA) is a nonprofit Washington, D.C. corporation chartered in 1953 to operate a public television and public FM radio station.

NewsHour Productions LLC, a wholly owned subsidiary of WETA, was formed in May 2014, for the primary business purpose of producing the PBS NewsHour program and other related activities. NewsHour Productions LLC is a single member limited liability company (NHP LLC) with WETA as its sole member. WETA and NHP LLC are collectively referred to as the Organization. NHP LLC is consolidated with WETA for financial statement and tax purposes.

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

National programming and productions: This program includes national program development, NewsHour productions, and the production center facility.

Television broadcast operations: This program includes TV station program acquisition and scheduling functions, as well as the master control and engineering functions related to television.

Radio broadcast operations: This program includes radio station program acquisition and scheduling functions, as well as the FM studio and engineering functions related to radio.

Promotion, education and outreach: This program includes communications, learning media and audience services.

Fundraising and membership development: This supporting service category includes the departments focused on raising a high volume of relatively low dollar membership gifts from individuals, as well as major giving.

Underwriting and grant solicitation: This supporting service category includes foundation and government development, and local and national corporate program and production underwriting.

Management and general: This supporting service category includes the functions necessary to support the proper administrative functioning of the Organization such as human resources, management information systems, accounting and finance, legal, executive offices and facilities.

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

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

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

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

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

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

Cash and cash equivalents: The Organization considers highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents except for the cash accounts held as part of investments.

Accounts Receivable: The Organization adopted ASC 326, Financial Instruments – Credit Losses, as of July 1, 2023, with the cumulative-effect transition method with the required prospective approach. There was no significant impact of this adoption as of July 1, 2023. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include billed and unbilled receivables as well as contract assets. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts.

Accounts receivable include trade accounts receivable and are stated at net realizable value. The Organization records and maintains an allowance for expected credit losses based upon the expected collectibility of receivables based on the collection risk. This primarily includes exchange-based receivables related to productions. Management recorded an allowance of $100,216 at June 30, 2024.

Prior to adoption of ASC 326, the collectibility of each receivable balance was assessed based on management’s knowledge of the customer and the age of the receivable balance. Receivables were written off when deemed uncollectible. Management recorded an allowance for doubtful accounts of $120,676 at June 30, 2023.

Contracts balances: The timing of revenue recognition may not align with the right to invoice. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. As of July 1, 2022, such balances included accounts receivable of $5,985,913 and deferred revenue of $756,131.

Promises to give: Unconditional promises to give are recorded as contribution revenue in the period in which the Organization is notified by the donor of an unconditional commitment to make a contribution. The Organization’s management periodically reviews the status of all promises to give balances for collectibility. There was an allowance for doubtful accounts of $15,426 and $0 recorded for the years ended June 30, 2024 and 2023, respectively.

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

Investments: Investments in marketable equity securities and all debt securities are carried at fair value. Realized gains and losses from sales of investments and unrealized gains and losses from market fluctuations of the underlying investments are included in the consolidated statements of activities during the period in which they occur.

Film assets: The Organization capitalizes the production cost of television programs. The capitalized costs are direct costs of production and production overhead. The costs are recognized as expense when the program segment is first aired. All film assets are for direct-to-television projects and all capitalized film assets relate to projects which have not aired at June 30, 2024 and 2023. The Organization expects approximately $29,856,000 and $11,930,000 of film assets to be expensed during the years ending June 30, 2025 and 2026, respectively. The Organization expects approximately $12,048,000 of film assets to be expensed during the years ending after June 30, 2026.

Property and equipment: Property and equipment is recorded at cost. Contributed property is recorded at the estimated fair value at the date of contribution. The Organization capitalizes all expenditures for property and equipment over $5,000. The useful life of the asset is determined on a case-by-case basis, and the estimated useful lives currently range from one to 31.5 years. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Fixed assets purchased, but not yet placed in service consists of costs for the construction of the connector building and other renovations.

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

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

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

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

Conditional awards as a resource provider: The Organization records awards issued as conditional when there is a barrier and a right of release or return. The Organization records the expense as barriers are substantially met.

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

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

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

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

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

The Organization classifies amounts restricted by the donor to be preserved in perpetuity as net assets with donor restrictions. Earnings from all donor-restricted funds are classified as net assets with donor restrictions until such time as they are appropriated for use. Both the principal and earnings of Board-designated funds are classified as net assets without donor restrictions. Investment income and investment gains and losses are attributed to individual endowment funds in proportion to their pro rata share of the investment balance at the beginning of the fiscal year.

Revenue recognition: The Organization's revenue streams from contracts with customers are composed of certain production funding, certain corporate underwriting, rental income, royalty revenue, ancillary, and other revenue. The Organization earned approximately $25,600,000 and $19,500,000 in production funding from contracts with customers during the years ended June 30, 2024 and 2023, respectively. The Organization earned approximately $6,200,000 and $5,900,000 in corporate underwriting from contracts with customers during the years ended June 30, 2024 and 2023, respectively. The Organization's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. The Organization's revenue under contract with customers is earned in the United States and the majority of customers are corporate partners and supporters of the Organization.

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

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

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

Grants and contributions: The Organization receives contributions and grants from entities to underwrite the cost of some of its programs and productions. Unconditional grants and contributions are recognized when received and are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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

Membership and contributions from individuals are unconditional contributions, which include unconditional contributions receivable, are recognized as support at the earlier of the period received or when the promise is made. Conditional promises to give are not included as revenue until the barriers are substantially met.

Contributions of nonfinancial assets: The Organization receives contributed goods and services from outside sources to assist with outreach, education, fundraising and advertising. Such goods and services include, but are not limited to, airfare, advertising and other services. From time to time, the Organization is gifted completed productions. These amounts are recorded at fair value in the accompanying consolidated statements of activities. For goods, the fair value is based on actual cost as provided by the donor or an approximation of average cost based on the Organization's research of similar products sold in the United States. For services, the Organization utilizes the actual market rate provided by the donor or an approximation of the market rate for similar services based on the Organization's research of similar services in the Washington, D.C. metropolitan area. The related expenses are recorded in the accompanying consolidated statements of functional expenses as follows. For the year ended June 30, 2024, contributions of nonfinancial assets include: a completed production of $10,469,109, rent expense of $200,000, and travel and entertainment of $372,500, included within the occupancy and production and acquisition expense line items of the accompanying consolidated statements of functional expenses. For the year ended June 30, 2023, contributions of nonfinancial assets include: rent expense of $200,000, and travel and entertainment of $219,860, included within the occupancy and production and acquisition expense line items of the accompanying consolidated statements of functional expenses.

The completed production contributed during the year ended June 30, 2024 comprised of the following:

	2024
Staff and department costs	$ 5,565,534
Equipment and related costs	1,066,813
Producer and director costs	1,010,271
Production fees	873,891
Other costs	746,843
Archive rights and licensing	610,555
Administrative costs	595,202
Total contributed production costs	$ 10,469,109

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

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

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising: Advertising expenditures are expensed as incurred. Advertising expense was $1,264,285 and $1,432,135 for the years ended June 30, 2024 and 2023, respectively.

Income taxes: WETA is recognized as exempt from federal income taxes, except on unrelated activities, under Internal Revenue Code (IRC) Section 501(c)(3). The Internal Revenue Service has also determined that WETA is not a private foundation under IRC Section 509(a)(1). NHP LLC is a single member LLC and is a disregarded entity for federal income tax purposes.

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

Leases: The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or the year beginning July 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

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

The Organization has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate asset class. The nonlease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Reclassifications: Certain reclassifications to the 2023 consolidated balances have been made in the accompanying consolidated financial statements to make them consistent with the 2024 presentation. These reclassifications had no effect on previously reported consolidated change in net assets.

Subsequent events: The Organization has evaluated subsequent events through December 9, 2024, the date on which the consolidated financial statements were available to be issued.

Note 2. Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2024 and 2023, financial assets available to meet general expenditures over the next 12 months consist of the following:

	2024	2023
Cash and cash equivalents	$ 16,049,597	$ 27,438,605
Accounts receivable, net	11,205,060	16,381,751
Promises to give, net	9,580,621	16,842,841
Investments	55,482,813	52,119,225
Total financial assets at year-end	92,318,091	112,782,422
Less amounts not available to be used within one year:		
Receivables due after one year	(2,666,945)	(3,275,820)
Board-designated funds	(35,977,375)	(37,227,735)
Donor-restricted funds, net of film assets	(46,311,674)	(87,296,070)
Financial assets not available to be used for general expenditures	(84,955,994)	(127,799,625)
Financial assets available to meet general expenditures over the next 12 months	$ 7,362,097	$ (15,017,203)
Donor-restricted funds	$ (101,116,984)	$ (134,088,530)
Film assets	54,805,310	46,792,460
Donor-restricted funds, net of film assets	$ (46,311,674)	$ (87,296,070)

The Organization also has a line of credit with $4,000,000 in unused funds available as of June 30, 2024, that will expire on March 28, 2025, and a line of credit with $5,000,000 in unused funds available as of June 30, 2024, that will expire on August 1, 2025.

Note 3. Promises to Give

Contribution receivables, net, as of June 30, 2024 and 2023, were valued at $9,580,621 and $16,842,841, respectively. Unconditional contributions that are expected to be received more than one year into the future are discounted using weighted-average risk-free rate of 2.42% for the years ended June 30, 2024 and 2023, respectively. Amortization of the discount is recorded as additional contribution revenue, typically ratably, and is used in accordance with donor-imposed restrictions, if any, on the contributions. When necessary, an allowance is made for uncollectible contributions, based upon management's judgment, past collection experience, and other relevant factors. For the years ended June 30, 2024 and 2023, the Organization wrote off $33,852 and $0 of receivables, respectively.

Promises to give are expected to be collected over the following periods:

	2024	2023
Due in less than one year	$ 7,084,883	$ 13,722,802
Due after one year and before five years	2,666,945	3,275,820
Discount of long-term receivables	(155,781)	(155,781)
Allowance for doubtful accounts	(15,426)	-
Promises to give, net	$ 9,580,621	$ 16,842,841

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

Conditional grants are recognized as revenue when the specific barriers detailed in the grant, such as incurring allowable expenses, are substantially met. At June 30, 2024, the Organization had approximately $9,760,000 of outstanding conditional contributions not reported in the accompanying consolidated financial statements. Refundable advances are recorded when a grantor makes a cash advance payment on a conditional grant and the Organization has not yet met the stipulated barriers and are presented on the accompanying consolidated statements of financial position.

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

Note 4. Investments and Fair Value Measurement

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

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

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

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

Note 4. Investments and Fair Value Measurement (Continued)

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 1. The Organization had no Level 2 or Level 3 investments at June 30, 2024 and 2023.

The table below presents the balances of assets and liabilities at June 30, 2024, measured at fair value on a recurring basis by level within the hierarchy:

	2024			
		Investments at Fair Value		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Asset category:				
Money market fund:	$ 300,816	$ -	$ -	$ 300,816
Equity mutual and exchange traded funds:				
Large blend	21,004,284	-	-	21,004,284
International growth and value	12,992,578	-	-	12,992,578
Small cap blend	49,232	-	-	49,232
Mid cap blend	902,433	-	-	902,433
Emerging markets	70,693	-	-	70,693
	35,019,220	-	-	35,019,220
Fixed income mutual funds:				
Intermediate term	18,792,212	-	-	18,792,212
Short-term	3,871,945	-	-	3,871,945
High yield	95,821	-	-	95,821
Emerging markets	70,693	-	-	70,693
	22,830,671	-	-	22,830,671
Total assets at fair value	$ 58,150,707	$ -	$ -	$ 58,150,707
Total investments at fair value				$ 55,482,813
Total deferred compensation investments at fair value				2,667,894
				$ 58,150,707
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 2,667,894	$ -	$ 2,667,894
Total liabilities at fair value	$ -	$ 2,667,894	$ -	$ 2,667,894

Note 4. Investments and Fair Value Measurement (Continued)

The table below presents the balances of assets and liabilities at June 30, 2023, measured at fair value on a recurring basis by level within the hierarchy:

	2023			
		Investments at Fair Value		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Asset category:				
Money market fund:	$ 423,884	$ -	$ -	$ 423,884
Equity mutual and exchange traded funds:				
Large blend	18,968,790	-	-	18,968,790
International growth and value	12,030,625	-	-	12,030,625
Small cap blend	59,247	-	-	59,247
Mid cap blend	873,819	-	-	873,819
Emerging markets	33,591	-	-	33,591
Real estate	17,106	-	-	17,106
	31,983,178	-	-	31,983,178
Fixed income mutual funds:				
Intermediate term	18,206,722	-	-	18,206,722
Short-term	3,811,743	-	-	3,811,743
High yield	26,927	-	-	26,927
	22,045,392	-	-	22,045,392
Total assets at fair value	$ 54,452,454	$ -	$ -	$ 54,452,454
Total investments at fair value				$ 52,119,225
Total deferred compensation investments at fair value				2,333,229
				$ 54,452,454
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 2,333,229	$ -	$ 2,333,229
Total liabilities at fair value	$ -	$ 2,333,229	$ -	$ 2,333,229

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

Note 4. Investments and Fair Value Measurement (Continued)

Investment income, net of management fees consists of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Unrealized and realized gain	$ 3,170,923	$ 3,568,763
Interest and dividends	2,079,356	1,753,094
Investment management fees	(100,521)	(81,242)
	$ 5,149,758	$ 5,240,615
Net investment return	$ 1,887,002	$ 2,308,076
Endowment investment return	3,262,756	2,932,539
	$ 5,149,758	$ 5,240,615

Note 5. Property and Equipment

Property and equipment consists of the following at June 30, 2024 and 2023:

	2024	2023
Production and other equipment	$ 45,434,129	$ 31,262,052
Building and improvements	53,147,861	15,708,937
Land	1,773,006	1,773,006
Fixed assets purchased, but not yet placed in service	10,678	47,392,386
	100,365,674	96,136,381
Less accumulated depreciation and amortization	(36,736,202)	(43,281,578)
Property and equipment, net	$ 63,629,472	$ 52,854,803

Depreciation and amortization expense was $3,575,164 and $1,352,133 for the years ended June 30, 2024 and 2023, respectively.

In January 2021, the Organization sold the production center building for $8,000,000. The sale included a leaseback agreement for five years at a rate less than fair value. The gain on the sale of $6,634,621 is being amortized over the life of the leaseback agreement. At June 30, 2021, the Organization recorded deferred revenue—gain from sale of production center of $6,026,447 and recognized $608,174 of related amortized gain. The Organization recorded a promise to give of $800,000 for the donated rent below fair value and recognized in-kind rent expense of $91,667 in the accompanying consolidated financial statements. As of June 30, 2024, the balance of the deferred gain on sale of assets was $2,045,675, with $1,326,924 of amortization incurred during the year ended June 30, 2024.

Note 6. Loan Payable

Effective November 14, 2023, the Organization received an artwork valued at $200,000. The artwork is considered on loan to the Organization through November 13, 2026, unless otherwise directed by the lender. There is no interest or other financial obligations attached to the loan, and the artwork is expected to be returned at the end of the loan period.

Note 7. Lines of Credit

The Organization has a revolving line of credit in the amount of $4,000,000 that expires on March 28, 2025. The Organization also has a revolving line of credit in the amount of $5,000,000 that expires on August 1, 2025. The Organization had no outstanding amounts due under the lines of credit at June 30, 2024 and 2023.

Note 8. Retirement Plan

The Organization provides retirement benefits for substantially all of its employees through a 403(b) defined contribution savings plan. The Organization's financial liability under this plan is limited to current contributions. Total employer contributions to the plan were $3,577,387 and $3,163,234 for the years ended June 30, 2024 and 2023, respectively.

Note 9. Deferred Compensation Plan

The Organization has a 457(b) deferred compensation plan (the Plan). The Plan is intended to be a deferred compensation plan for corporate officers of the Organization in accordance with Section 457(b) of the IRC. The recorded asset and liability for the deferred compensation plan was $2,667,894 and $2,333,229 for the years ended June 30, 2024 and 2023, respectively.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023, are available for the following purposes:

	2024	2023
Programmatic and time restrictions:		
National television production	$ 65,199,448	$ 64,426,302
Capital building project	-	37,795,749
Local broadcasting	2,326,111	2,197,221
Learning media projects	2,313,677	1,693,074
Total programmatic and time restrictions	69,839,236	106,112,346
Donor-restricted endowment funds:		
The Leonore Annenberg Endowment	5,737,763	5,174,540
Capital Campaign Fund—Program Trust	12,279,588	11,813,541
Eugene B. Casey Endowment	1,909,102	1,992,255
Eugene B. Casey Journalism Endowment	2,017,690	-
Fisher Endowment	1,473,553	1,390,194
Arts Program Fund	3,313,854	3,559,634
Arts Endowment Fund	3,917,151	3,532,641
John and Martha Giovanelli Endowed Fund of Science and Education	104,376	94,130
Other named endowments	524,671	419,249
Total donor-restricted endowment funds	31,277,748	27,976,184
Net assets with donor restrictions	$ 101,116,984	$ 134,088,530

During the years ended June 30, 2024 and 2023, the Organization released $92,966,737 and $57,110,945, respectively, from donor-restricted net assets.

Note 10. Net Assets With Donor Restrictions (Continued)

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

The Leonore Annenberg Endowment: The Annenberg Foundation established The Leonore Annenberg Endowment to support projects that are important, national in scope and consistent with the values and integrity of its namesake. As of September 30 each year, the Organization will determine the fund’s fair value, including income and both realized and unrealized gains and losses net of fees, and calculate the amount that may be withdrawn.

Capital Campaign Fund—Program Trust: The Capital Campaign Fund was established to help fund the development of new facilities and to create an endowment to support the development of radio and television programming for public broadcasting. The National Endowment for the Humanities awarded the Organization a $562,000 endowment challenge grant, which was matched by $2,443,421 from private sources. Net assets associated with these grants are recorded as net assets with donor restrictions, except for $500,000 that is recorded in net assets without donor restrictions having been applied toward the purchase of equipment pursuant to donor restrictions. Income generated by this fund is applied to the development of radio and television programming for public broadcasting.

Eugene B. Casey Endowments: The Eugene B. Casey Foundation made a $1,000,000 donor-restricted contribution to establish the Eugene B. Casey Endowment Fund. The income from this endowment is used to provide programming for children and young people that enriches them through knowledge of their bodies, minds and spirits. During the year ended June 30, 2024, the Foundation made an additional $2,000,000 donor-restricted contribution to establish a separate endowment fund. This new endowment supports excellence in journalism through the SPR Excellence in Journalism Award and the PBS NewsHour News Assistants program, fostering the next generation of journalists.

Fisher Endowment: The Robert M. Fisher Memorial Foundation, Inc. established a $1,000,000 program Endowment Fund at the Organization. The Fisher Endowment Fund will be used to acquire, produce and broadcast television and radio programs in the fulfillment of the mission of the Organization. The Organization will use 5% of the value of the fund as of December 31 the year prior, or $50,000, whichever is greater, each year. If the earnings are less than $50,000 in any one year, the $50,000 shall be funded by the earnings and an amount from principal to bring the annual total to $50,000. The Organization only used principal amount in the first year of this fund.

Arts endowment and arts program: The Organization previously received a $600,000 challenge grant from the National Endowment for the Arts (NEA). The Organization was required by the terms of the grant to provide matching contributions totaling $1,800,000. Together, the grant and matching funds were used to establish an Arts Endowment Fund of $1,000,000 and an Arts Program Fund of $1,400,000 (together, the Funds). The original principal of the Funds was restricted to be held in perpetuity under the terms of the original grants, though internal borrowing from the Arts Program Fund principal is permitted. As of June 30, 2024 and 2023, the Organization had not borrowed from the Funds. NEA subsequently informed the Organization that the restriction on the Funds had been removed. The Organization then reclassified $2,200,000 of those funds into net assets without donor restrictions. The Arts Program Fund of $200,000 remains in net assets with donor restrictions since the funds were matching funds and have not been released from restriction by the donors.

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

Other named endowments: During fiscal years 2024 and 2023, the Organization received no other named endowment contributions.

Note 11. Endowment

The Organization's endowment consists of individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and designations by the Board of Trustees. The Organization follows the Codification subtopic, Reporting Endowment Funds.

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

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

At June 30, 2024 and 2023, the Organization had endowment funds totaling $67,255,123 and $65,203,919, respectively.

Donor-restricted endowment funds are described in Note 10.

Board-designated funds are described below:

WETA Endowment Fund: To provide a continued source of income for operations or to fund special projects, capital improvements or emergency needs.

Capital Building Fund: To be used for the purchase of capital assets without obligation (or donor expectation) to preserve any amount of capital.

Program Investment Fund: To provide a continuing source of investment capital for expenditure in the development of and participation in projects of interest to the Organization.

Program Fund for Excellence: To be used to develop programming of intellectual integrity and cultural merit and to support other projects related to the mission of the Organization.

Note 11. Endowment (Continued)

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

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

The distribution of endowment net assets between donor-restricted and board-designated for the years ended June 30, 2024 and 2023, are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 12,279,588	$ 12,279,588
Leonore Annenberg Endowment	-	5,737,763	5,737,763
Arts Program Fund	-	3,313,854	3,313,854
Arts Endowment Fund	-	3,917,151	3,917,151
Eugene B. Casey Endowment	-	1,909,102	1,909,102
Eugene B. Casey Journalism Endowment	-	2,017,690	2,017,690
Fisher Endowment	-	1,473,553	1,473,553
John and Martha Giovanelli Endowed Fund of Science and Education	-	104,376	104,376
Other named endowments	-	524,671	524,671
Donor-restricted endowment funds	-	31,277,748	31,277,748
WETA Endowment Fund	8,082,524	-	8,082,524
Capital Building Fund	4,905,331	-	4,905,331
Program Investment Fund	5,899,443	-	5,899,443
WETA Strategic Initiative Fund	6,107,222	-	6,107,222
Program Fund for Excellence	2,203,335	-	2,203,335
WETA Capital Campaign: Building the Future Fund	8,779,520	-	8,779,520
Board-designated funds	35,977,375	-	35,977,375
Total endowment net assets	$ 35,977,375	$ 31,277,748	$ 67,255,123

Note 11. Endowment (Continued)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 11,813,541	$ 11,813,541
Leonore Annenberg Endowment	-	5,174,540	5,174,540
Arts Program Fund	-	3,559,634	3,559,634
Arts Endowment Fund	-	3,532,641	3,532,641
Eugene B. Casey Endowment	-	1,992,255	1,992,255
Fisher Endowment	-	1,390,194	1,390,194
John and Martha Giovanelli Endowed Fund of Science and Education	-	94,130	94,130
Other named endowments	-	419,249	419,249
Donor-restricted endowment funds	-	27,976,184	27,976,184
WETA Endowment Fund	7,307,175	-	7,307,175
Capital Building Fund	7,039,154	-	7,039,154
Program Investment Fund	5,320,350	-	5,320,350
WETA Strategic Initiative Fund	4,591,250	-	4,591,250
NHP Strategic Initiative Fund	2,300,000	-	2,300,000
Program Fund for Excellence	1,987,054	-	1,987,054
WETA Capital Campaign: Building the Future Fund	8,682,752	-	8,682,752
Board-designated funds	37,227,735	-	37,227,735
Total endowment net assets	$ 37,227,735	$ 27,976,184	$ 65,203,919

Funds with deficiencies: The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. As of June 30, 2024, no funds had a deficiency. As of June 30, 2023, the John and Martha Giovanelli Endowed Fund had a deficiency of $5,870.

Changes in endowment net assets for the fiscal year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 37,227,735	$ 27,976,184	$ 65,203,919
Investment income	923,214	743,474	1,666,688
Investment gains, net	1,799,733	2,519,282	4,319,015
Contributions and additions	2,734,715	2,059,790	4,794,505
Distributions	(6,708,022)	(2,020,982)	(8,729,004)
Endowment net assets, end of year	$ 35,977,375	$ 31,277,748	$ 67,255,123

Note 11. Endowment (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 27,359,181	$ 31,478,633	$ 58,837,814
Investment income	774,140	832,969	1,607,109
Investment gains, net	1,323,285	2,099,570	3,422,855
Contributions and additions	15,229,153	-	15,229,153
Distributions	(7,458,024)	(6,434,988)	(13,893,012)
Endowment net assets, end of year	$ 37,227,735	$ 27,976,184	$ 65,203,919

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

The Organization has a well-diversified investment portfolio. The Organization's Investment Subcommittee monitors the portfolio and investment manager, and advises the Finance and Budget Committee of the Board of Trustees on investment matters in accordance with a written committee charter.

Endowment spending policies: Endowment gifts are spent in accordance with the wishes of the donor and guidance from the Board of Trustees. The Organization may not spend certain endowment earnings every year if projects that meet donor restrictions are not undertaken. If earnings are not used in a particular year, the Organization reinvests them for appropriate use in a future year. Allowable withdrawals that are not taken within a particular year may be withdrawn in subsequent years with the approval of the Organization's Finance and Budget Committee.

Donor-restricted endowment funds: Donor-restricted endowment funds consist of balances to be held in perpetuity and balances available for distribution. Donor-restricted funds are available for annual use per the stated criteria in the donor agreement. Most of the agreements allow for annual distributions in the amount of 4% to 5% of the prior year's ending balance or of the prior three-year average balance. For any restricted endowments without stated terms, the Organization may annually withdraw up to 5% of the prior year's ending balance. This rate is reviewed periodically by the Organization's Finance and Budget Committee to ensure that it continues to be an appropriate rate to preserve the principal value in perpetuity. During the year ended June 30, 2023, one donor allowed for a one-time distribution of $5,000,000. The remaining donor-restricted endowment funds followed the general guidelines outlined above.

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

The decision whether to include withdrawal of money for a particular year's annual budget is made by the Finance and Budget Committee and approved by the Board of Trustees. The Organization's Finance and Budget Committee may approve an extraordinary withdrawal to support essential operations in a significant or protracted economic downturn; cover critical capital expenditures lacking other sources of funding; provide cash flow for a strategic business initiative; or meet other organizational needs.

Note 12. Leases

The Organization uses warehouse space, television towers, and related technical facilities under noncancelable operating leases that expire at various dates through 2035. Selected leases contain escalation clauses to cover increased operating expenses borne by the lessor.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended June 30, 2024 and June 30, 2023:

	2024	2023
Operating lease cost	$ 297,447	$ 297,447

Supplemental cash flow and balance sheet information related to leases is as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 275,161	$ 269,765
Operating leases:		
Operating lease right-of-use assets	$ 2,704,282	$ 2,913,364
Operating lease liabilities, current	$ 280,664	$ 186,796
Operating lease liabilities, noncurrent	2,542,181	2,822,846
Total operating lease liabilities	$ 2,822,845	$ 3,009,642
Weighted-average remaining lease term:		
Operating leases	10.8 years	11.8 years
Weighted-average discount rate:		

Note 12. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the operating lease liabilities recognized on the consolidated statements of financial position are as follows as of June 30, 2024:

	Operating Leases
Years ending June 30:	
2025	$ 280,664
2026	286,277
2027	292,003
2028	297,843
2029	303,800
Thereafter	1,867,924
Total lease payments	3,328,511
Less imputed interest	(505,666)
Total present value of lease liabilities	$ 2,822,845

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the operating lease liabilities recognized on the consolidated statements of financial position are as follows as of June 30, 2023:

Years ending June 30:	
2024	$ 275,161
2025	280,664
2026	286,277
2027	292,003
2028	297,843
Thereafter	2,171,724
Total lease payments	3,603,672
Less imputed interest	(594,030)
Total present value of lease liabilities	$ 3,009,642

Note 13. Contingencies

Contingencies: The federal funding that supports public broadcasting may decline in the future as part of on-going deficit reduction efforts of Congress. It is not possible to estimate the probability of funding cuts, the amount or the timing of any federal funding cuts, or the effect that any cuts might have on the Organization. The impact on the Organization will depend on how the particular federally funded programs that benefit the Organization are affected, and how the public broadcasting system overall is affected.

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

Note 13. Contingencies (Continued)

The total of direct federal funding and funding from the Corporation for Public Broadcasting, which receives a direct Congressional appropriation, was approximately $24 million and $30 million in fiscal years 2024 and 2023, respectively, which is approximately 17% and 23% of total support for fiscal years 2024 and 2023, respectively.

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

Note 14. Gift Annuity Program

As of June 30, 2024 and 2023, the Organization’s obligation for annuity payments totaled $211,145 and $205,007, respectively. This obligation is funded by a gift annuity reserve fund managed by Wells Fargo. As of June 30, 2024 and 2023, the fair value of assets held within the reserve fund totaled $880,056 and $818,755, respectively. The fair value of such assets exceeds the obligation for annuity payments by $668,911 and $613,748, respectively.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Schedule I—Supplemental Statement of Activities by Grantee
Year Ended June 30, 2024

	WETA-TV	WETA-Radio	Total
Changes in net assets without donor restrictions:			
Revenues and other support, including amounts released from restrictions:			
Production funding from public broadcasting system	$ 25,577,313	$ -	$ 25,577,313
Corporate underwriting and funding	6,068,402	95,585	6,163,987
Membership and individual contributions	27,321,798	3,588,098	30,909,896
Foundations and nonprofit organizations	1,279,855	60,756	1,340,611
Federal, state and local government grants	2,698,622	-	2,698,622
Rental income and other	2,353,247	747,265	3,100,512
Contributions of nonfinancial assets	10,796,909	44,700	10,841,609
Net assets released from restrictions			
Production funding from public broadcasting system	8,580,026	443,376	9,023,402
Foundations and nonprofit organizations	48,085,689	8,155	48,093,844
Corporate underwriting and funding	9,450,921	-	9,450,921
Membership and individuals contributions	25,945,015	-	25,945,015
Federal, state and local government grants	253,555	-	253,555
Contributions of nonfinancial assets	200,000	-	200,000
Total net assets released from restrictions	92,515,206	451,531	92,966,737
Total revenues and other support without donor restrictions	168,611,352	4,987,935	173,599,287
Expenses:			
National programming and productions	82,261,561	-	82,261,561
Television broadcast operations	14,151,878	-	14,151,878
Radio broadcast operations	-	3,083,115	3,083,115
Promotion, education and outreach	7,761,905	1,058,441	8,820,346
Fundraising and membership development	6,362,759	867,649	7,230,408
Underwriting and grant solicitation	2,875,700	392,141	3,267,841
Management and general	13,854,012	1,889,182	15,743,194
Total expenses	127,267,815	7,290,528	134,558,343
Change in net assets without donor restrictions before other changes	41,343,537	(2,302,593)	39,040,944
Other changes:			
Net investment return	1,510,174	376,828	1,887,002
Loss on disposal of property and equipment	(389,457)	(37,917)	(427,374)
Amortization of gain on sale of production center	1,326,924	-	1,326,924
Depreciation and amortization	(2,824,379)	(750,785)	(3,575,164)
Interest expense	(656)	(174)	(830)
Property tax expense	(374,245)	(99,483)	(473,728)
Other nonoperating expense	39	-	39
Total other changes	(751,600)	(511,531)	(1,263,131)
Total change in net assets without donor restrictions	40,591,937	(2,814,124)	37,777,813
Changes in net assets with donor restrictions:			
Television production and other restricted contributions	56,134,708	558,919	56,693,627
Endowment investment return	2,871,225	391,531	3,262,756
Endowment distributions	(1,778,464)	(242,518)	(2,020,982)
Endowment gifts	2,059,790	-	2,059,790
Net assets released from restrictions	(92,523,038)	(443,699)	(92,966,737)
Total change in net assets with donor restrictions	(33,235,779)	264,233	(32,971,546)
Change in net assets	$ 7,356,158	$ (2,549,891)	$ 4,806,267