



WHYY, Inc.

Financial Statements and Supplementary Information

Years Ended June 30, 2023 and 2022

WHYY, Inc.

Financial Statements
Years Ended June 30, 2023 and 2022

WHYY, Inc.

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Independent Auditor's Report

The Board of Directors
WHYY, Inc.
Philadelphia, Pennsylvania

Opinion

We have audited the financial statements of WHYY, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WHYY, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 WHYY, Inc. 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.

Emphasis of Matter

As discussed in Notes 2 and 17 to the financial statements, in 2023, WHYY, Inc. adopted Financial Accounting Standards Board ("FASB" Accounting Standards Codification ("ASC") 842, Leases ("ASC 842"). Our opinion is not modified with respect to this matter.

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 WHYY Inc.'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 WHY Y Inc.'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 WHY Y Inc.'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.



Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 30 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.

BDO USA, P.C.

December 18, 2023

Financial Statements

WHYY, Inc.

Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Current Assets		
Cash	\$ 3,658,936	\$ 4,566,166
Contributions receivable, net	884,095	1,068,411
Accounts receivable, net of allowance for doubtful accounts of \$60,458 and \$43,625 in 2023 and 2022, respectively	647,231	885,944
Grant receivable, Commonwealth of Pennsylvania	17,550	702,000
Unbilled program and project revenue	2,094,923	2,747,098
Deferred project costs	116,622	456,093
Prepaid expenses and other current assets	657,337	212,883
Inventory	33,654	36,856
Total Current Assets	8,110,348	10,675,451
Property and Equipment, Net	14,131,713	14,934,284
Other Assets		
Investments	57,274,948	43,671,707
Operating lease right-of-use assets, net	4,418,506	-
Contributions receivable, net	149,646	199,646
Unbilled program and project revenue	356,270	708,245
Beneficial interest in perpetual trusts	590,662	573,935
Broadcast licenses	474,976	1,011,859
Total Other Assets	63,265,008	46,165,392
Total Assets	\$ 85,507,069	\$ 71,775,127
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 499,656	\$ 256,197
Accrued expenses and other current liabilities	2,675,292	2,195,460
Deferred revenue	897,787	802,121
Current portion of operating lease liabilities	465,198	-
Current portion of long-term debt	181,447	174,439
Total Current Liabilities	4,719,380	3,428,217
Long-Term Liabilities		
Operating lease liabilities, net	4,049,105	-
Long-term debt, net	1,520,642	1,697,271
Other liabilities	707,915	631,662
Total Long-Term Liabilities	6,277,662	2,328,933
Total Liabilities	10,997,042	5,757,150
Net Assets		
Without donor restrictions	61,661,977	53,079,257
With donor restrictions	12,848,050	12,938,720
Total Net Assets	74,510,027	66,017,977
Total Liabilities and Net Assets	\$ 85,507,069	\$ 71,775,127

See accompanying notes to financial statements.

WHYY, Inc.

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Support:			
State of Delaware	\$ 180,000	\$ -	\$ 180,000
Corporation for Public Broadcasting	2,663,391	887,783	3,551,174
Total Support	2,843,391	887,783	3,731,174
Contributions and revenue:			
Memberships and other contributions	22,543,919	1,000,000	23,543,919
Program contracts and grants	11,398,535	3,836,582	15,235,117
Program underwriting	3,928,164	-	3,928,164
In-kind income	122,199	-	122,199
Realized and unrealized gains from investments	2,341,569	365,291	2,706,860
Interest and dividends	1,084,113	103,219	1,187,332
Change in value of beneficial interest in perpetual trusts	-	16,727	16,727
Other	568,201	-	568,201
Net assets released from restrictions	6,300,272	(6,300,272)	-
Total Contributions and Revenue	48,286,972	(978,453)	47,308,519
Total Support, Contributions and Revenue	51,130,363	(90,670)	51,039,693
Expenses			
Program services:			
Production and broadcasting	31,595,964	-	31,595,964
Supporting services:			
General and administrative	1,718,274	-	1,718,274
Fundraising	9,233,405	-	9,233,405
Total Supporting Services	10,951,679	-	10,951,679
Total Expenses	42,547,643	-	42,547,643
Change in Net Assets	8,582,720	(90,670)	8,492,050
Net Assets, beginning of year	53,079,257	12,938,720	66,017,977
Net Assets, end of year	\$ 61,661,977	\$ 12,848,050	\$ 74,510,027

See accompanying notes to financial statements.

WHYY, Inc.

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Support:			
Commonwealth of Pennsylvania	\$ 603,745	\$ -	\$ 603,745
State of Delaware	180,000	-	180,000
Corporation for Public Broadcasting	2,169,060	728,292	2,897,352
Federal support	658,142	-	658,142
Total Support	3,610,947	728,292	4,339,239
Contributions and revenue:			
Memberships and other contributions	21,939,185	125,000	22,064,185
Program contracts and grants	11,866,175	3,422,453	15,288,628
Program underwriting	4,413,768	-	4,413,768
In-kind income	238,960	-	238,960
Realized and unrealized losses from investments	(3,138,219)	(818,290)	(3,956,509)
Interest and dividends	345,067	107,722	452,789
Change in value of beneficial interest in perpetual trusts	-	(117,391)	(117,391)
Other	508,895	-	508,895
Net assets released from restrictions	4,869,712	(4,869,712)	-
Total Contributions and Revenue	41,043,543	(2,150,218)	38,893,325
Total Support, Contributions and Revenue	44,654,490	(1,421,926)	43,232,564
Expenses			
Program services:			
Production and broadcasting	27,545,830	-	27,545,830
Supporting services:			
General and administrative	1,461,417	-	1,461,417
Fundraising	8,700,931	-	8,700,931
Total Supporting Services	10,162,348	-	10,162,348
Total Expenses	37,708,178	-	37,708,178
Change in Net Assets Before Other Income	6,946,312	(1,421,926)	5,524,386
Other Income (See Note 11)	3,383,166	-	3,383,166
Change in Net Assets	10,329,478	(1,421,926)	8,907,552
Net Assets, beginning of year	42,749,779	14,360,646	57,110,425
Net Assets, end of year	\$ 53,079,257	\$ 12,938,720	\$ 66,017,977

See accompanying notes to financial statements.

WHYY, Inc.

Statements of Cash Flows

<i>Years ended June 30,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 8,492,050	\$ 8,907,552
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,296,643	1,465,548
Loss on impairment in value of broadcasting licenses	40,000	150
Loss on sale of broadcasting licenses	261,883	-
Amortization of deferred financing costs	4,818	4,818
Realized and unrealized (gains) losses from investments	(2,706,860)	3,956,509
Change in fair value of beneficial interest in perpetual trusts	(16,727)	117,391
Provision for (recovery of) uncollectible contributions	300,367	(1,569)
Bad debt expense (recovery)	16,832	(57,905)
Gain on Paycheck Protection Program loan forgiveness	-	(3,383,166)
Non-cash operating lease costs	667,063	-
Changes in:		
Contributions receivable	(66,051)	32,724
Accounts receivable	221,881	251,703
Grant receivable, Commonwealth of Pennsylvania	684,450	-
Unbilled program and project revenue	1,004,150	1,017,832
Deferred project costs	339,471	(397,338)
Prepaid expenses and other current assets	(444,454)	56,194
Inventory	3,202	1,464
Accounts payable	243,459	(76,258)
Accrued expenses and other current liabilities	479,832	(1,465,239)
Other liabilities	76,253	123,488
Deferred revenue	95,666	683,761
Operating lease liabilities	(571,266)	-
Net cash provided by operating activities	10,422,662	11,237,659
Cash Flows from Investing Activities		
Purchases of investments	(38,182,535)	(24,331,767)
Sales of investments	27,286,154	10,929,947
Proceeds from sale of broadcasting licenses	235,000	-
Purchases of property and equipment	(494,072)	(428,718)
Net cash utilized by investing activities	(11,155,453)	(13,830,538)
Cash Flows from Financing Activities		
Repayments of Paycheck Protection Program loan	-	(272,906)
Repayments of long-term debt	(174,439)	(166,796)
Net cash utilized by financing activities	(174,439)	(439,702)
Net Decrease in Cash	(907,230)	(3,032,581)
Cash, beginning of year	4,566,166	7,598,747
Cash, end of year	\$ 3,658,936	\$ 4,566,166
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 74,335	\$ 93,533

See accompanying notes to financial statements.

WHYY, Inc.

Statement of Functional Expenses

<i>Year ended June 30, 2023</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 17,454,375	\$ 1,316,707	\$ 4,486,356	\$ 5,803,063	\$ 23,257,438
Consulting and professional fees	163,406	46,228	200,152	246,380	409,786
Building maintenance and operations	594,393	34,964	69,928	104,892	699,285
Direct marketing expenses	-	-	1,517,900	1,517,900	1,517,900
In-kind	-	-	122,198	122,198	122,198
Insurance	152,820	72,901	32,262	105,163	257,983
Interest and bank fees	62,692	47,891	495,710	543,601	606,293
Legal fees	81,774	14,347	-	14,347	96,121
Membership and development expenses	-	-	1,409,730	1,409,730	1,409,730
Operating lease costs	667,063	-	-	-	667,063
Office expenses and services	358,792	58,011	59,318	117,329	476,121
Other administrative costs	542,409	43,464	81,432	124,896	667,305
Postage and delivery	2,972	569	388,019	388,588	391,560
Production and acquisition costs	7,780,918	-	-	-	7,780,918
Public relations and promotion	1,121,337	33,398	128,038	161,436	1,282,773
Telecommunications and technology expenses	751,051	34,788	199,207	233,995	985,046
Transmitter and studio maintenance, supplies, power and rent	432,322	-	-	-	432,322
Travel and business expenses	132,997	15,006	43,155	58,161	191,158
Total Expenses Before Depreciation	30,299,321	1,718,274	9,233,405	10,951,679	41,251,000
Depreciation Expense	1,296,643	-	-	-	1,296,643
Total Expenses	\$ 31,595,964	\$ 1,718,274	\$ 9,233,405	\$ 10,951,679	\$ 42,547,643

See accompanying notes to financial statements.

WHYY, Inc.

Statement of Functional Expenses

<i>Year ended June 30, 2022</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 14,699,178	\$ 1,065,097	\$ 4,167,889	\$ 5,232,986	\$ 19,932,164
Consulting and professional fees	283,603	39,199	198,123	237,322	520,925
Building maintenance and operations	508,916	29,933	59,985	89,918	598,834
Direct marketing expenses	-	-	1,532,127	1,532,127	1,532,127
In-kind	-	-	238,960	238,960	238,960
Insurance	127,367	59,463	28,389	87,852	215,219
Interest and bank fees	72,673	65,259	463,375	528,634	601,307
Legal fees	200,692	42,895	-	42,895	243,587
Membership and development expenses	-	-	1,186,678	1,186,678	1,186,678
Office expenses and services	276,959	56,295	66,385	122,680	399,639
Other administrative costs	178,955	36,686	68,129	104,815	283,770
Postage and delivery	2,749	821	415,642	416,463	419,212
Production and acquisition costs	7,177,510	-	195	195	7,177,705
Public relations and promotion	1,014,949	21,157	110,999	132,156	1,147,105
Telecommunications and technology expenses	551,516	30,868	141,652	172,520	724,036
Transmitter and studio maintenance, supplies, power and rent	925,592	-	-	-	925,592
Travel and business expenses	59,623	13,744	22,403	36,147	95,770
Total Expenses Before Depreciation	26,080,282	1,461,417	8,700,931	10,162,348	36,242,630
Depreciation Expense	1,465,548	-	-	-	1,465,548
Total Expenses	\$ 27,545,830	\$ 1,461,417	\$ 8,700,931	\$ 10,162,348	\$ 37,708,178

See accompanying notes to financial statements.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

1. Business

WHYY, Inc. (WHYY) is a not-for-profit public broadcasting corporation incorporated in Pennsylvania. WHYY operates WHYY-TV/Channel 12 and WDPB-TV/Channel 64, both licensed in Delaware; WNJM (89.9), WNJN (89.7) and WNJZ (90.3), licensed in New Jersey; WHYY-FM (90.9), licensed in Philadelphia; and Internet web site at whyy.org.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

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

Net Assets

The financial statements report revenue, expenses, gains, and losses in one of two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

Donor restricted revenue and net assets may contain donor-imposed restrictions on the use of those assets that either expire with the passage of time or can be otherwise met by WHYY pursuant to the stipulation.

Net assets with donor restrictions may also include donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by WHYY. Investment income and investment gains earned on such net assets are recorded as net assets with donor restrictions until they are transferred to net assets without donor restrictions for use in operations, except for perpetual trusts, as noted below. Investment losses on the investments of a donor restricted endowment fund reduce net assets with donor restrictions to the extent available.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received by WHYY. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Contributions received with donor stipulations that limit the use of the donated assets are reported as donor restricted support. When a donor 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 are reported in the statement of activities as net assets released from restrictions. If a portion of the restriction is fulfilled in the same year in which the contribution is received, that portion of the contribution is reported as without donor restrictions.

Contributions restricted for the acquisition of property and equipment, which are included in donor restricted revenue, are reclassified to net assets without donor restrictions when the related assets are acquired.

Contributions and Accounts Receivable

Contributions and accounts receivable are presented net of the related allowance for doubtful accounts. WHYY provides an allowance for doubtful accounts based on management's estimate of amounts that will ultimately become uncollectible. WHYY's policy is to write-off contributions and accounts receivable balances once management has deemed them to be uncollectible.

Deferred Project Costs

Deferred project costs represent costs incurred on productions not yet aired and acquisition fees for which the related programming access period has not yet expired.

Inventory

Inventory is stated at the lower of cost or market on a first in, first out basis.

Property and Equipment

Purchased assets are recorded at cost, and contributed assets are recorded at fair market value on the date of contribution. Depreciation on purchased assets is calculated using the straight-line method over the estimated useful lives of assets, as follows: buildings and improvements: 5 to 39 years; and transmitting, broadcasting and other equipment: 3 to 20 years.

Deferred Financing Costs

Deferred financing costs incurred in obtaining debt are amortized to interest expense using the straight-line method, which is not materially different from the effective interest method, over the term of the related debt. Deferred financing costs are included as a reduction of the reportable long-term debt balance on the statements of financial position. Amortization of deferred financing costs was \$4,818 for each of the years ended June 30, 2023 and 2022.

Investments (see Note 5)

Investments in marketable securities are recorded at fair value. Donated securities are recorded as contributions at the fair value at time of donation.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

WHYY has a long-standing investment policy for all endowment fund investments to produce a predictable stream of funding to programs/operations while seeking to maintain the purchasing power of the assets. Under this policy, as approved by the Board of Directors, the assets are invested in a manner that is intended to produce returns that exceed the annual spending rate, while assuming a moderate level of investment risk. Actual returns may vary from the intended results. To satisfy its long-term rate of return objectives, WHYY relies on a total return strategy in which investment returns are achieved through both capital appreciation and investment income. WHYY targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Investment Cash / Statement of Cash Flows

WHYY may have cash temporarily held in an investment account as of the date of the financial statements. Such cash is intended for investment purposes and is not considered cash for purposes of the statement of cash flows.

Beneficial Interest in Perpetual Trusts

Under the terms of perpetual trusts held by third parties, WHYY is the beneficiary of income earned by those trust assets for perpetuity. When notified of a trust's existence WHYY will record a donor restricted contribution and an asset equal to the lesser of WHYY's applicable percentage of the fair value of the trust's assets or present value of estimated distribution cash flows. The investment policy of the perpetual trust is determined and administered by third-party trustees. WHYY recorded an increase in fair value of its share of the assets held in perpetuity of \$16,727 for the year ended June 30, 2023 and a decrease of \$117,391 for the year ended June 30, 2022.

Changes in the fair value of trust assets are recognized as changes in net assets with donor restrictions in the period the change occurs. Income is designated for programming and recorded as income without donor restrictions in the period received from the Trustee.

Broadcast Licenses

Identifiable intangible assets with indefinite lives consist of certain FCC licenses acquired for five New Jersey Public FM radio stations. WHYY sold two of these licenses during 2023. The remaining intangible assets are not amortized but instead are subject to annual impairment tests. Under existing market trading conditions, the fair market value of certain broadcast licenses have been impaired by \$40,000 and \$150 for the years ended June 30, 2023 and 2022, respectively.

In-Kind Support and Expenses

The statements of activities reflect donated materials, facilities, and contributed services as support and expenses. The computation of the value of the donated materials and facilities is based on estimated fair value. Contributed services are valued using industry guidelines, and services rendered by corporations are valued by those organizations.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Revenue Recognition

WHYY follows Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, and all the related amendments (the “revenue standard”). This guidance requires the use of a five-step model to achieve the core underlying principle that an entity should recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. These steps include (1) identifying the contract with the customer, (2) identifying the performance obligations, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue as the entity satisfies the performance obligation(s).

Revenue from contracts with customers mainly consists of program underwriting and tactical contractual arrangements with select partners. Revenue from program underwriting was \$3,928,164 and \$4,413,768 for the years ended June 30, 2023 and 2022, respectively. Revenue recognized from other contractual arrangements was \$12,064,905 and \$12,294,064 for the years ended June 30, 2023 and 2022, respectively, and are included as a component of both program contracts and grants and other in the statements of activities and changes in net assets. The following provides additional detail on WHYY’s revenue recognition policies:

Program Underwriting

Revenue from underwriting includes amounts received in exchange for recognition within WHYY’s on-air or digital programming. WHYY recognizes underwriting revenue at the time the spots are aired or included in online programming.

Multimedia Distribution

WHYY provides programming and media content to a not-for-profit media organization for distribution over various media outlets. Under the terms of the agreement, WHYY receives a portion of the revenue earned by the customer that is attributable to the content distributed and recognizes such revenue at the point in time in which its portion of the revenue has been reported by the customer. The revenue recognized by WHYY for its fiscal year is reported by the customer prior to issuance of its annual financial statements.

Channel Sharing Arrangement

WHYY has an agreement with an unrelated party which expires in February 2028, to share 30% of the capacity of the station’s channel. The agreement provides for two additional terms of five years each provided there is no notice of termination as defined in the agreement. The channel sharing fee, which increases annually each January by a minimum of 3%, will be paid in advance on a quarterly basis. WHYY also has an agreement with the company that facilitated this transaction to pay a commission of 6% for each payment received during the term of the channel sharing agreement.

Other Program Revenue

WHYY recognizes revenue and expenses on substantial projects as work progresses. Revenue earned but unbilled at year-end is accrued and classified as unbilled project revenue. Deferred revenue on uncompleted projects represents project billings in excess of cost for which revenue has not been earned as of the statement of financial position date.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Contract assets consist of billed and unbilled receivables. Billed receivables from contracts with customers were \$647,231 and \$885,944 at June 30, 2023 and 2022, respectively. Billed receivables are included in accounts receivable in the statements of financial position. There were no unbilled receivables from contracts with customers at June 30, 2023 and 2022. Contract liabilities consist of deferred revenue. Deferred revenue from contracts with customers was \$897,787 and \$802,121 at June 30, 2023 and 2022, respectively.

WHYY does not have significant variable consideration associated with its revenue arrangements. WHYY does not have significant financing arrangements with customers as credit terms are all less than one year and WHYY does not receive significant noncash consideration from its customers to facilitate the fulfillment of contracts.

Leases

WHYY adopted ASC 842, Leases, effective July 1, 2022 using the modified retrospective transition approach. WHYY elected the package of practical expedients, which, among other items, permits WHYY not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. WHYY also elected the short-term lease recognition exemption for all leases that qualify. Under this election, WHYY does not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less. WHYY also elected to not separate lease and non-lease components for all leases.

WHYY leases office space, broadcasting tower space for the transmission of its radio and television signals, and other equipment under non-cancelable leases. WHYY determines if a contract or arrangement contains a lease at inception. Leases are evaluated and classified as either an operating or finance lease. A lease is classified as a finance lease if any of the following criteria are met: (i) ownership of the underlying asset transfers to WHYY by the end of the lease term; (ii) the lease contains an option to purchase the underlying asset that WHYY is reasonably expected to exercise; (iii) the lease term is for a major part of the remaining economic life of the underlying asset; (iv) the present value of the sum of lease payments and any residual value guaranteed by WHYY equals or exceeds substantially all of the fair value of the underlying asset; or (v) the underlying asset is of a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease that does not meet any of the criteria to be classified as a finance lease is classified as an operating lease.

WHYY's operating leases are included as operating lease right-of-use assets, net, current portion of operating lease liabilities, and operating lease liabilities, net, on the accompanying statement of financial position. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. In determining the present value of future payments, WHYY uses a risk-free rate corresponding to the expected lease term. Right-of-use assets also include any lease payments made and exclude any lease incentives and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that WHYY will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term, including rent abatement periods and rent holidays. WHYY does not currently have any significant finance leases.

Certain of WHYY's leases are subject to periodic changes in an index or are subject to adjustments for which the amounts are not readily determinable at lease inception. While lease liabilities are

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

not remeasured as a result of changes to these costs, changes are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

WHYY's statements of financial position are presented under the new guidance at June 30, 2023, while June 30, 2022 was not adjusted and continues to report in accordance with previous lease accounting guidance under ASC 840. As a result of the adoption of ASC 842, WHYY recorded both an operating lease right-of-use asset and lease liability of \$4,944,273 upon transition.

Advertising Costs

WHYY expenses advertising costs as incurred. For the years ended June 30, 2023 and 2022, such expenses were \$2,176,144 and \$2,168,066 respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of WHYY have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated in the statements of functional expenses among the programs and supporting services benefited. Where an allocation occurs, management's methodology is primarily based on an estimate of personnel time spent in each of the functional categories. Facility expenses and interest and bank fees are allocated based on square footage utilized in each of the functional categories.

3. Concentrations

Cash

WHYY maintains its cash accounts at a commercial bank. Such accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. WHYY may, at times, exceed the insured limit, but has not experienced any losses in such accounts. WHYY believes it is not exposed to any significant credit risk on uninsured cash.

Contributions Receivable

At June 30, 2023 and 2022, WHYY had significant contributions receivable as follows:

	2023	2022
Donor A	19%	24%
Donor B	17%	18%
Donor C	10%	*

*Represents contributions receivable below 10% of total contributions receivable.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Land	\$ 1,543,979	\$ 1,543,979
Building and improvements	21,018,147	20,842,922
Transmitting, broadcasting and other equipment	23,597,607	23,278,760
	46,159,733	45,665,661
Less accumulated depreciation	(32,028,020)	(30,731,377)
Net property and equipment	\$ 14,131,713	\$ 14,934,284

Depreciation amounted to \$1,296,643 and \$1,465,548 for the years ended June 30, 2023 and 2022, respectively.

5. Investments

The nature and fair value (see Note 6) of WHYY's investments at June 30, 2023 and 2022 are summarized as follows:

	2023	2022
Money market funds	\$ 6,310,504	\$ 7,109,296
Equities	24,656,962	14,848,145
Fixed income	25,735,517	21,458,206
Real assets	571,965	256,060
Total	\$ 57,274,948	\$ 43,671,707

WHYY's investment activity resulted in net realized and unrealized gains of \$2,706,860 for the year ended June 30, 2023, and net realized and unrealized losses of \$3,956,509 for the year ended June 30, 2022. Interest and dividend income from investment activity, net of investment expenses, were \$1,187,332 and \$452,789 for the years ended June 30, 2023 and 2022, respectively.

WHYY invests in various investment securities which are exposed to various risks, such as interest rates, credit and market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities (see Note 2 - Investments).

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

6. Fair Value of Financial Instruments

WHYY accounts for the fair value of its financial instruments in accordance with the guidance in ASC Topic 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

WHYY uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment portfolio. When available, WHYY measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are derived principally from or corroborated by observable market data by correlation or other means. The following is a description of the valuation methodologies used for investments measured at fair value as of June 30, 2023 and 2022:

Level 1 Fair Value Measurements

Money market funds, common stock, exchange traded funds, mutual funds, and short term debt securities are valued at the closing price reported on the active market on which the individual funds are traded.

Level 2 Fair Value Measurements

Corporate debt securities represent bonds that are sold in a dealer market that trade upon a bid-ask spread. These securities are valued using pricing matrixes.

Level 3 Fair Value Measurements

Beneficial interest in perpetual trusts are valued based on the lesser of WHYY’s applicable percentage of the fair value of the trust’s assets or the present value of the estimated distribution cash flows of the trusts using a series of annuity payments in perpetuity using a discount rate based on the estimated rate of return and projected growth of the underlying assets held by the third party. For each of the years ended June 30, 2023 and 2022, there were no significant transfers or purchases in beneficial interests in perpetual trusts held by third parties.

There were no assets or liabilities recorded at fair value on a non-recurring basis at June 30, 2023 and 2022.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

The following tables sets forth by level, within the fair value hierarchy, WHYY's assets measured at fair value on a recurring basis at June 30, 2023 and 2022:

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,310,504	\$ -	\$ -	\$ 6,310,504
Equities	24,656,962	-	-	24,656,962
Fixed income	25,278,018	457,499	-	25,735,517
Real assets	571,965	-	-	571,965
Beneficial interest in perpetual trust	-	-	590,662	590,662
Total Assets at Fair Value	\$ 56,817,449	\$ 457,499	\$ 590,662	\$ 57,865,610

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Money market funds	\$ 7,109,296	\$ -	\$ -	\$ 7,109,296
Equities	14,848,145	-	-	14,848,145
Fixed income	21,027,498	430,708	-	21,458,206
Real assets	256,060	-	-	256,060
Beneficial interest in perpetual trust	-	-	573,935	573,935
Total Assets at Fair Value	\$ 43,240,999	\$ 430,708	\$ 573,935	\$ 44,245,642

7. Contributions Receivable

WHYY records unconditional promises to give as contributions receivable. Pledges due beyond one year are discounted to the present value. Contributions receivable at June 30, 2023 and 2022 are as follows:

	2023	2022
Receivable in:		
Less than one year	\$ 1,473,635	\$ 1,372,584
One to five years	149,646	199,646
	1,623,281	1,572,230
Less allowance for uncollectible contributions receivable	(604,540)	(304,173)
	\$ 1,018,741	\$ 1,268,057
Current portion	\$ 869,095	\$ 1,068,411
Long-term portion	149,646	199,646
	\$ 1,018,741	\$ 1,268,057

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

8. Grant Receivable, Commonwealth of Pennsylvania

In March 2019, WHYY entered into an agreement to be the recipient of a \$702,000 RACP grant from the Commonwealth of Pennsylvania (the “Commonwealth”). Under this agreement WHYY is bound by all provisions in the agreement with the Commonwealth. The grant was awarded to fund facility upgrades to WHYY’s headquarters in Philadelphia. As of June 30, 2023 and 2022, \$17,550 and \$702,000, respectively, was due from the Commonwealth for eligible RACP expenditures incurred.

9. Long-Term Debt

Long-term debt consists of the following:

<i>June 30,</i>	2023	2022
Term loan	\$ 1,742,242	\$ 1,916,681
Unamortized debt financing costs	(40,153)	(44,971)
Total long-term debt	1,702,089	1,871,710
Less current portion	(181,447)	(174,439)
Long-term debt, net of unamortized debt financing costs and current portion	\$ 1,520,642	\$ 1,697,271

In October 2016, WHYY closed on a \$5,210,000 term loan which is secured by a first lien on the WHYY headquarters property in Philadelphia. The loan bears interest at a fixed rate of 3.99%. Monthly payments of principal and interest was based on a 25-year term with a 15-year maturity.

In June 2021, WHYY made a prepayment of \$2,500,000. Under the terms of the loan agreement, principal prepayments are permitted up to \$2,500,000 without penalty. In the event of a prepayment, the loan agreement includes various options on how monthly principal payments are to be made on an ongoing basis. WHYY elected the option that converts the payment schedule to straight line monthly payments of principal and interest that are necessary to pay off the loan at the maturity date in November 2031. Approximate principal payments for the next five years are due as follows: 2024, \$181,000; 2025, \$189,000; 2026, \$197,000; 2027, \$205,000 and 2028, \$213,000.

The terms of the loan agreement include certain financial covenants. WHYY has complied with all covenants for the years ended June 30, 2023 and 2022.

Interest expense of \$73,755 and \$85,497 was incurred on the term loan for the years ended June 30, 2023 and 2022, respectively.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

10. Line of Credit

WHYY maintains a \$3,000,000 revolving line of credit facility with a bank. The line is used for working capital and other general short-term purposes. In June 2023, the line agreement was amended to extend the maturity date from September 2024 to September 2025 and transition the benchmark used as a component of the interest rate. Borrowings bear interest at 2.00% plus daily simple SOFR (7.05% at June 30, 2023). The line is secured by a first lien on net assets without donor restrictions. There were no outstanding borrowings under the line as of June 30, 2023 and 2022.

11. Paycheck Protection Program Loan

On April 15, 2020, WHYY received loan proceeds of \$3,656,072 under the Paycheck Protection Program (the “PPP loan”). The Paycheck Protection Program (or “PPP”) was established under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). The PPP loan to WHYY was made through a national banking association (the “Lender”). The application for the PPP loan required WHYY to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of WHYY and took into account current business activity and liquidity and funds available.

The term of the PPP loan was two years. The annual interest rate on the PPP loan was 1.00%, which was originally to be deferred for the first six months of the term of the loan. In October 2020, the SBA extended the deferral period an additional ten months.

The promissory note evidencing the PPP loan contained customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may have resulted in the repayment of all amounts outstanding, collection of all amounts owing from WHYY, and/or filing suit and obtaining judgment against WHYY.

Under the terms of the CARES Act, PPP loan recipients could apply for and be granted forgiveness for all or a portion of loans granted under the PPP. In January 2022, the SBA forgave \$3,383,166 of the PPP loan balance which WHYY recognized as other income in the statement of activities and changes in net assets. The remaining loan balance of \$272,906 plus accrued interest of \$4,815 was repaid in January 2022.

12. Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of undesignated and board-designated amounts for at June 30, 2023 and 2022:

	2023	2022
Undesignated	\$ 11,430,836	\$ 14,742,284
Board-designated endowment funds	50,231,141	38,336,973
Total	\$ 61,661,977	\$ 53,079,257

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

WHYY's Board of Directors has designated funds to be set aside to establish and maintain an endowment for the purpose of securing WHYY's long and short term fiscal needs. At June 30 2023 and 2022, \$40,680,181 and \$37,856,501, respectively, are set aside to help fund annual operations in accordance with an endowment spending policy. In addition, at June 30, 2023 and 2022, reserve funds of \$9,550,960 and \$5,488,492, respectively, are set aside for intermediate term strategic projects. See Note 14 for further information on the endowment.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are as follows:

	2023	2022
Capital additions	\$ 101,776	\$ 118,534
Grant funded productions and programs	6,237,427	7,796,575
Donor restricted endowment (see Note 14)	4,693,946	3,693,946
Accumulated endowment earnings in excess of spend (see Note 14)	1,224,239	755,730
Beneficial interests in perpetual trusts	590,662	573,935
Total	\$ 12,848,050	\$ 12,938,720

14. Endowment

WHYY's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

WHYY seeks to achieve a balance between growth of endowment capital and current income generated from the same by deploying the assets using a diversified, multi-asset-class approach. This strategy consists primarily of equity-related investments, fixed income investments, cash and/or inflation hedges.

The use of donor restricted net assets and related income and gains is limited by Pennsylvania Statute Act 141. WHYY has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment funds. Each year, WHYY determines the amount that can be spent, subject to donor restrictions. WHYY has elected to utilize the "total return concept" for administering its donor restricted and board-designated funds by transferring up to 4.5% of the trailing fair value of the investments to operations, as calculated according to WHYY's endowment spending policy. The transfer may be limited under certain circumstances as defined in the policy. In addition, strategic reserve funds have been established within the board-designated funds to fund key projects with transfers to be approved by the Board of Directors. During the year ended June 30, 2022, the Board authorized transfers of \$912,099. During the year ended June 30, 2023, WHYY determined that based on its strong financial and liquidity position, it did not require additional spending and elected to forego a transfer of funds.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

As described in Note 2, when applicable, losses on donor-restricted endowment funds are recorded as donor restricted to the extent available. At June 30, 2023 and 2022, the fair value of investments exceeded the related historic cost value of the specific donor restricted endowment funds. Endowment funds activity is summarized as follows at June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2022	\$ 38,336,973	\$ 4,449,676	\$ 42,786,649
Additions	8,739,644	1,000,000	9,739,644
Investment income	882,985	103,219	986,204
Net realized/unrealized gains	2,271,538	365,291	2,636,829
Total investment return	3,154,523	468,510	3,623,033
Appropriation of endowment assets for expenditure	-	-	-
Balance at June 30, 2023	\$ 50,231,140	\$ 5,918,186	\$ 56,149,326

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2021	\$ 27,502,579	\$ 5,229,577	\$ 32,732,156
Additions	14,090,555	125,000	14,215,555
Investment income	314,460	107,722	422,182
Net realized/unrealized losses	(2,852,856)	(818,289)	(3,671,145)
Net investment loss	(2,538,396)	(710,567)	(3,248,963)
Appropriation of endowment assets for expenditure	(717,765)	(194,334)	(912,099)
Balance at June 30, 2022	\$ 38,336,973	\$ 4,449,676	\$ 42,786,649

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

15. Liquidity and Funds Available

WHYY's financial assets available within one year of the statement of financial position date for general expenditures and scheduled principal payments on debt are as follows at June 30, 2023 and 2022:

	2023	2022
Cash	\$ 3,658,936	\$ 4,566,166
Contributions receivable, current	869,095	1,068,411
Accounts receivable, net	647,231	885,944
Unbilled program and project revenue, current	2,094,923	2,747,098
Grants receivable, Commonwealth of Pennsylvania	17,550	702,000
Less cash designated by the Board of Directors	(519,749)	(519,749)
Less donor restricted current assets	(5,982,933)	(7,206,864)
Total	\$ 785,053	\$ 2,243,006

As part of WHYY's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The objective of this structure is to optimize the sources and uses of available funds for programs and operations based on WHYY's projected cash flow.

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that are restricted for specific purposes are not available for general expenditure. As described in Note 14, a determination of the amount available for distributions is performed annually utilizing the total return concept and approved releases from the strategic reserve funds. Although WHYY does not intend to spend its investments in excess of its spending policy, these amounts could be made available if necessary.

16. Tax Status

WHYY is an organization described under Section 501(c)(3) of the *Internal Revenue Code* and is therefore exempt under Section 501(a) of the *Internal Revenue Code*.

As of June 30, 2023 and 2022, WHYY did not identify any uncertain tax positions taken or expected to be taken in a tax return which would require adjustment to its financial statements. In addition, WHYY believes it has not engaged in any activities for which its tax-exempt status would not be sustained under Internal Revenue Service examination. WHYY's income tax returns are generally open for examination by U.S. federal and state taxing authorities for the past three years. The Corporation is not currently under examination by any U.S. federal or state income taxing authority.

WHYY engages in certain activities unrelated to its tax-exempt purpose. These activities result in unrelated business income that is taxable at normal corporate rates. There was no income tax provision or benefit recorded for the years ended June 30, 2023 and 2022. At June 30, 2023, WHYY has a net operating loss carryforward, expiring at various dates through 2038, of approximately \$5,000 and a net operating loss carryforward, with no expiration, of approximately \$7,000. The deferred tax asset resulting from the net operating loss carry forward has been fully reserved since its use is not considered more-likely-than-not.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

17. Lease Commitments

WHYY's office lease expires in 2029 and its broadcasting tower and equipment leases expire at various dates through 2033. Its broadcasting tower leases have options to renew for two additional ten-year periods, some of which have already been exercised. At this point in time, management is unable to assert that it expects to exercise any additional renewals under its existing lease agreements. Rental expense, including variable lease costs and other short-term leases, for 2023 and 2022 was \$721,020 and \$582,194, respectively.

The following schedule summarizes WHYY's long-term operating lease information including future minimum lease payments as of June 30, 2023:

Year ending June 30, 2023

Operating lease costs, excluding variable costs	\$	667,063
Operating lease cash flows, excluding payments of variable costs	\$	571,266
Amortization of ROU assets	\$	525,767
Weighted average remaining lease term		8 years
Weighted average discount rate		3%

Future Minimum Lease Payments for the Year Ended June 30:

2024	\$	593,006
2025		615,383
2026		638,614
2027		644,290
2028		632,039
Thereafter		1,986,960
	\$	5,110,292
Less imputed interest		(595,989)
Operating lease liability	\$	4,514,303

18. Licenses

WHYY-TV, Wilmington, Delaware, and WDPB-TV, Seaford, Delaware, operate under licenses granted by the FCC, which expire on August 1, 2023. Additionally, WHYY-FM, Philadelphia, Pennsylvania, maintains a license with the FCC that expires on August 1, 2030.

In 2012, the FCC licenses of five New Jersey FM radio stations, WNJB, WNJM, WNJN, WNJS and WNJZ were purchased from the New Jersey Public Broadcasting Authority. During 2023, WHYY sold WNJB and WNJS for a total of \$235,000. The licenses of remaining stations expire on June 1, 2030.

19. Employee Benefit Plans

WHYY provides pension benefits for certain eligible employees under two defined contribution plans covering union and nonunion employees. WHYY's contributions to the plans for 2023 and 2022 were \$701,935 and \$617,542, respectively.

WHYY, Inc.

Notes to Financial Statements June 30, 2023 and 2022

20. Subsequent Events

Subsequent events have been evaluated through December 18, 2023, the date the financial statements were available to be issued.

Supplementary Information

WHYY, Inc.
Supplemental Schedule of Activities by Grantee
June 30, 2023

<i>Year ended June 30, 2023</i>	TV	FM	Total
Operating Revenue and Support			
Support:			
State of Delaware	\$ 180,000	\$ -	\$ 180,000
Corporation for Public Broadcasting	2,833,428	717,746	3,551,174
Total Support	3,013,428	717,746	3,731,174
Contributions and Revenue			
Memberships and other contributions	17,991,254	5,552,665	23,543,919
Program contracts and grants	3,188,784	12,046,333	15,235,117
Program underwriting	713,710	3,214,454	3,928,164
In-kind income	15,895	106,304	122,199
Realized and unrealized gains from investments	1,353,430	1,353,430	2,706,860
Interest and dividends	593,666	593,666	1,187,332
Change in value of beneficial interest in perpetual trusts	12,009	4,718	16,727
Other	554,701	13,500	568,201
Total Contributions and Revenue	24,423,449	22,885,070	47,308,519
Total Support, Contributions and Revenue	27,436,877	23,602,816	51,039,693
Expenses			
Program services:			
Production and broadcasting	19,551,656	12,044,308	31,595,964
Supporting services:			
General and administrative	1,201,716	516,558	1,718,274
Fundraising	6,059,025	3,174,380	9,233,405
Total Supporting Services	7,260,741	3,690,938	10,951,679
Total Expenses	26,812,397	15,735,246	42,547,643
Change in Net Assets	\$ 624,480	\$ 7,867,570	\$ 8,492,050