



WHYY, Inc.

Financial Statements and Supplementary Information

Years Ended June 30, 2022 and 2021

WHYY, Inc.

Financial Statements
Years Ended June 30, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 29 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, LLP

December 13, 2022

Financial Statements

WHYY, Inc.

Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current Assets		
Cash	\$ 4,566,166	\$ 7,598,747
Contributions receivable, net	1,068,411	1,099,566
Accounts receivable, net of allowance for doubtful accounts of \$43,625 and \$101,530 in 2022 and 2021, respectively	885,944	1,079,742
Grant Receivable, Commonwealth of Pennsylvania	702,000	702,000
Unbilled program and project revenue	2,747,098	3,153,175
Deferred project costs	456,093	58,755
Prepaid expenses and other current assets	212,883	269,077
Inventory	36,856	38,320
Total Current Assets	10,675,451	13,999,382
Property and Equipment, Net	14,934,284	15,971,114
Other Assets		
Investments	43,671,707	34,226,396
Contributions receivable	199,646	199,646
Unbilled program and project revenue	708,245	1,320,000
Beneficial interest in perpetual trusts	573,935	691,326
Broadcast licenses	1,011,859	1,012,009
Total Other Assets	46,165,392	37,449,377
Total Assets	\$ 71,775,127	\$ 67,419,873
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 256,197	\$ 332,455
Accrued expenses and other current liabilities	2,195,460	3,660,699
Deferred revenue	802,121	118,360
Paycheck Protection Program loan	-	3,656,072
Current portion of long-term debt	174,439	165,967
Total Current Liabilities	3,428,217	7,933,553
Long-Term Liabilities		
Long-term debt, net	1,697,271	1,867,721
Other liabilities	631,662	508,174
Total Long-Term Liabilities	2,328,933	2,375,895
Total Liabilities	5,757,150	10,309,448
Net Assets		
Without donor restrictions	53,079,257	42,749,779
With donor restrictions	12,938,720	14,360,646
Total Net Assets	66,017,977	57,110,425
Total Liabilities and Net Assets	\$ 71,775,127	\$ 67,419,873

See accompanying notes to financial statements

WHYY, Inc.

Statement of Activities and Changes in Net Assets

Year ended June 30, 2022	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.

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Support:			
Commonwealth of Pennsylvania	\$ 107,143	\$ -	\$ 107,143
State of Delaware	175,000	-	175,000
Corporation for Public Broadcasting	2,348,015	805,537	3,153,552
Federal support	686,489	-	686,489
Total Support	3,316,647	805,537	4,122,184
Contributions and revenue:			
Memberships and other contributions	22,171,558	935,000	23,106,558
Program contracts and grants	9,211,447	6,570,619	15,782,066
Program underwriting	3,567,421	-	3,567,421
In-kind income	121,159	-	121,159
Realized and unrealized gains from investments	4,144,925	954,983	5,099,908
Interest and dividends	285,958	68,617	354,575
Change in value of beneficial interest in perpetual trusts	-	129,216	129,216
Other	682,318	16,123	698,441
Net assets released from restrictions	5,564,137	(5,564,137)	-
Total Contributions and Revenue	45,748,923	3,110,421	48,859,344
Total Support, Contributions and Revenue	49,065,570	3,915,958	52,981,528
Expenses			
Program services:			
Production and broadcasting	27,837,422	-	27,837,422
Supporting services:			
General and administrative	1,556,578	-	1,556,578
Fundraising	8,335,345	-	8,335,345
Total Supporting Services	9,891,923	-	9,891,923
Total Expenses	37,729,345	-	37,729,345
Change in Net Assets Before FCC Capital Funding	11,336,225	3,915,958	15,252,183
FCC Capital Funding (See Note 10)	639,734	-	639,734
Change in Net Assets	11,975,959	3,915,958	15,891,917
Net Assets, beginning of year	30,773,820	10,444,688	41,218,508
Net Assets, end of year	\$ 42,749,779	\$ 14,360,646	\$ 57,110,425

See accompanying notes to financial statements

WHYY, Inc.

Statements of Cash Flows

Years ended June 30,	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 8,907,552	\$ 15,891,917
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,465,548	1,414,306
Loss on impairment in value of broadcasting licenses	150	66,421
Amortization of deferred financing costs	4,818	4,818
Realized and unrealized losses (gains) from investments	3,956,509	(5,099,908)
Change in fair value of beneficial interest in perpetual trusts	117,391	(129,216)
Recovery of uncollectible contributions	(1,569)	(311,594)
Bad debt recovery	(57,905)	(123,889)
Gain on Paycheck Protection Program loan forgiveness	(3,383,166)	-
Changes in:		
Contributions receivable	32,724	355,657
Accounts receivable	251,703	(148,605)
Unbilled program and project revenue	1,017,832	353,857
Deferred project costs	(397,338)	94,494
Prepaid expenses and other current assets	56,194	(72,860)
Inventory	1,464	15,848
Accounts payable	(76,258)	(263,931)
Accrued expenses and other current liabilities	(1,465,239)	976,682
Other liabilities	123,488	(16,249)
Deferred revenue	683,761	(400,602)
Net cash provided by operating activities	11,237,659	12,607,146
Cash Flows from Investing Activities		
Purchases of investments	(24,331,767)	(7,785,770)
Sales of investments	10,929,947	1,125,144
Purchases of property and equipment	(428,718)	(1,096,359)
Net cash utilized by investing activities	(13,830,538)	(7,756,985)
Cash Flows from Financing Activities		
Repayments of Paycheck Protection Program loan	(272,906)	-
Scheduled principal payments of long-term debt	(166,796)	(141,115)
Additional advanced payment of long-term debt	-	(2,500,000)
Net cash utilized by financing activities	(439,702)	(2,641,115)
Net (Decrease) Increase in Cash	(3,032,581)	2,209,046
Cash, beginning of year	7,598,747	5,389,701
Cash, end of year	\$ 4,566,166	\$ 7,598,747
Supplemental Disclosure of Cash Flow Information		
Interest paid in 2022 and 2021	\$ 93,533	\$ 188,542

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.

Statement of Functional Expenses

<i>Year ended June 30, 2021</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 15,223,550	\$ 1,215,026	\$ 4,246,577	\$ 5,461,603	\$ 20,685,153
Consulting and professional fees	413,512	37,977	126,983	164,960	578,472
Building maintenance and operations	427,029	25,038	50,274	75,312	502,341
Direct marketing expenses	-	-	1,077,940	1,077,940	1,077,940
In-kind	-	-	121,159	121,159	121,159
Insurance	89,796	47,411	19,446	66,857	156,653
Interest and bank fees	159,156	63,214	435,392	498,606	657,762
Legal fees	190,498	19,276	-	19,276	209,774
Membership and development expenses	-	-	1,512,564	1,512,564	1,512,564
Office expenses and services	222,617	51,329	56,358	107,687	330,304
Other administrative costs	294,804	53,382	75,600	128,982	423,786
Postage and delivery	3,224	934	418,187	419,121	422,345
Production and acquisition costs	7,088,727	-	544	544	7,089,271
Public relations and promotion	756,096	10,313	14,643	24,956	781,052
Telecommunications and technology expenses	429,634	25,425	169,917	195,342	624,976
Transmitter and studio maintenance, supplies, power and rent	1,092,476	-	-	-	1,092,476
Travel and business expenses	31,997	7,253	9,761	17,014	49,011
Total Expenses Before Depreciation	26,423,116	1,556,578	8,335,345	9,891,923	36,315,039
Depreciation Expense	1,414,306	-	-	-	1,414,306
Total Expenses	\$ 27,837,422	\$ 1,556,578	\$ 8,335,345	\$ 9,891,923	\$ 37,729,345

See accompanying notes to financial statements

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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; WNJB (89.3), WNJM (89.9), WNJN (89.7), WNJS (88.1) and WNJZ (90.3), licensed in New Jersey; WHYY-FM (90.9), licensed in Philadelphia; and Internet web site at why.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, 2022 and 2021

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, 2022 and 2021.

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, 2022 and 2021

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 a decrease in fair value of its share of the assets held in perpetuity of \$117,391 for the year ended June 30, 2022 and an increase of \$129,216 for the year ended June 30, 2021.

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 the five New Jersey Public FM radio stations. Such 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 \$150 and \$66,421 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021

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 \$4,413,768 and \$3,567,421 for the years ended June 30, 2022 and 2021, respectively. Revenue recognized from other contractual arrangements was \$12,294,064 and \$9,883,827 for the years ended June 30, 2022 and 2021, 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 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, 2022 and 2021

Contract assets consist of billed and unbilled receivables. Billed receivables from contracts with customers were \$885,944 and \$967,401 at June 30, 2022 and 2021, respectively. Billed receivables are included in accounts receivable in the statements of financial position. Unbilled receivables from contracts with customers were \$981,499 at June 30, 2021. There were no unbilled receivables from contracts with customers at June 30, 2022. Unbilled receivables are included in unbilled program and project revenue in the statement of financial position. Contract liabilities consist of deferred revenue. Deferred revenue from contracts with customers was \$802,121 and \$68,360 at June 30, 2022 and 2021, 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.

Advertising Costs

WHYY expenses advertising costs as incurred. For the years ended June 30, 2022 and 2021, such expenses were \$2,168,066 and \$1,996,894 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, 2022 and 2021, WHYY had significant contributions receivable as follows:

	2022	2021
Donor A	24%	*
Donor B	18%	17%
Donor C	*	30%
Donor D	*	10%

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

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2022	2021
Land	\$ 1,543,979	\$ 1,543,979
Building and improvements	20,842,922	20,801,749
Transmitting, broadcasting and other equipment	23,278,760	22,891,215
	45,665,661	45,236,943
Less accumulated depreciation	(30,731,377)	(29,265,829)
Net property and equipment	\$ 14,934,284	\$ 15,971,114

Depreciation amounted to \$1,465,548 and \$1,414,306 for the years ended June 30, 2022 and 2021, respectively.

5. Investments

The nature and fair value (see Note 6) of WHYY's investments at June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Money market funds	\$ 7,109,296	\$ 5,947,392
Equities	14,848,145	17,860,595
Fixed income	21,458,206	10,020,073
Real assets	256,060	398,336
Total	\$ 43,671,707	\$ 34,226,396

WHYY's investment activity resulted in net realized and unrealized losses of \$3,956,509 for the year ended June 30, 2022, and net realized and unrealized gains of \$5,099,908 for the year ended June 30, 2021. Interest and dividend income from investment activity, net of investment expenses, were \$452,789 and \$354,575 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021

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, 2022 and 2021:

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, 2022 and 2021, 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, 2022 and 2021.

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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, 2022 and 2021:

June 30, 2022	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

June 30, 2021	Level 1	Level 2	Level 3	Total
Money market funds	\$ 5,947,392	\$ -	\$ -	\$ 5,947,392
Equities	17,860,595	-	-	17,860,595
Fixed income	9,540,555	479,518	-	10,020,073
Real assets	398,336	-	-	398,336
Beneficial interest in perpetual trust	-	-	691,326	691,326
Total Assets at Fair Value	\$ 33,746,878	\$ 479,518	\$ 691,326	\$ 34,917,722

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, 2022 and 2021 are as follows:

	2022	2021
Receivable in:		
Less than one year	\$ 1,372,584	\$ 1,405,308
One to five years	199,646	199,646
	1,572,230	1,604,954
Less allowance for uncollectible contributions receivable	(304,173)	(305,742)
	\$ 1,268,057	\$ 1,299,212
Current portion	\$ 1,068,411	\$ 1,099,566
Long-term portion	199,646	199,646
	\$ 1,268,057	\$ 1,299,212

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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 both June 30, 2022 and 2021, a total of \$702,000 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>	2022	2021
Term loan	\$ 1,916,681	\$ 2,083,477
Unamortized debt financing costs	(44,971)	(49,789)
Total long-term debt	1,871,710	2,033,688
Less current portion	(174,439)	(165,967)
Long-term debt, net of unamortized debt financing costs and current portion	\$ 1,697,271	\$ 1,867,721

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: 2023, \$174,000; 2024, \$181,000; 2025, \$189,000; 2026, \$197,000 and 2027, \$205,000.

The terms of the loan agreement include certain financial covenants. WHYY has complied with all covenants for the years ended June 30, 2022 and 2021.

Interest expense of \$85,497 and \$187,242 was incurred on the term loan for the years ended June 30, 2022 and 2021, respectively.

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

10. Lines of Credit

Revolving Line Note

WHYY maintains a \$3,000,000 line of credit facility with a bank. In October 2021, the line agreement was amended to extend the maturity date from September 2023 to September 2024. The line is used for working capital and other general short-term purposes. Borrowings bear interest at 2.10% plus the greater of one-month LIBOR, adjusting daily or one-day (overnight) LIBOR, at the bank's discretion (3.68% and 2.25% at June 30, 2022 and 2021). 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, 2022 and 2021.

Transmitter Capital Projects Bridge Financing

In January 2018, WHYY closed on an \$800,000 non-revolving line of credit with a bank. The credit facility was used to advance funds needed to complete a multi-year investment in WHYY's primary TV transmitter located in Philadelphia, Pennsylvania. This project was mandated by the Federal Communications Commission (FCC) as a result of its 2016 incentive auction and subsequent channel reassignment requirements. Advances were used to fund expenditures eligible for reimbursement from the FCC's TV Broadcast Relocation Fund. Proceeds from FCC reimbursement(s) were used to reduce outstanding bridge loan borrowings. This credit facility matured in February 2021 which was consistent with the anticipated completion of the project.

In January 2018, also in connection to this FCC-mandated initiative, WHYY closed on a \$1,200,000 non-revolving line of credit with a bank. The credit facility was used to advance funds needed to complete a multi-year investment in WHYY's secondary TV transmitter located in Seaford, Delaware. This credit facility matured in February 2021 which was consistent with the anticipated completion of the project.

For both non-revolving lines as set forth above, borrowings were subject to interest at one-month LIBOR plus 3.00%. There was no interest expense on borrowings under the lines in 2021. The facilities were secured by a first lien on a WHYY bank deposit account established to hold FCC reimbursements.

In connection with these projects, WHYY recognized \$639,734 in income based on the percentage of completion of the projects in 2021. The projects were completed and placed into service in August 2020 and all remaining deferrals at that time were recognized as income.

For the revolving and non-revolving lines, WHYY has complied with all covenants set forth in agreements related to the lines for the years ended June 30, 2022 and 2021.

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.

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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, 2022 and 2021:

	2022	2021
Undesignated	\$ 14,742,284	\$ 15,247,200
Board-designated endowment funds	38,336,973	27,502,579
Total	\$ 53,079,257	\$ 42,749,779

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. See Note 14 for additional information on the endowment.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are as follows:

	2022	2021
Capital additions	\$ 118,534	\$ 150,141
Grant funded productions and programs	7,796,575	8,289,602
Donor restricted endowment (see Note 14)	3,693,946	3,568,946
Accumulated endowment earnings in excess of spend (see Note 14)	755,730	1,660,631
Beneficial interests in perpetual trusts	573,935	691,326
Total	\$ 12,938,720	\$ 14,360,646

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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 years ended June 30, 2022 and 2021, the Board authorized transfers of \$912,099 and \$1,101,110, respectively.

As described in Note 2, when applicable, losses on donor-restricted endowment funds are recorded as donor restricted. At June 30, 2022 and 2021, 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:

	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, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2020	\$ 17,939,470	\$ 3,355,484	\$ 21,294,954
Additions	6,436,195	935,000	7,371,195
Investment income	275,069	68,617	343,686
Net realized/unrealized gains	3,868,448	954,983	4,823,431
Total investment return	4,143,517	1,023,600	5,167,117
Appropriation of endowment assets for expenditure	(1,016,603)	(84,507)	(1,101,110)
Balance at June 30, 2021	\$ 27,502,579	\$ 5,229,577	\$ 32,732,156

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, 2022 and 2021:

	2022	2021
Cash	\$ 4,566,166	\$ 7,598,747
Contributions receivable, current	1,068,411	1,099,566
Accounts receivable, net	885,944	1,079,742
Unbilled program and project revenue, current	2,747,098	3,153,175
Grants receivable, Commonwealth of Pennsylvania	702,000	702,000
Less cash designated by the Board of Directors	(519,749)	-
Less donor restricted current assets	(7,206,864)	(7,119,743)
Total	\$ 2,243,006	\$ 6,513,487

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.

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021. At June 30, 2022, WHYY has a net operating loss carryforward, expiring at various dates through 2038, of approximately \$11,000 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.

17. Commitments

WHYY leases office space, broadcasting tower space for the transmission of its radio and television signals, and other equipment under operating leases that expire at various dates through 2033.

Rental expense for 2022 and 2021 was \$582,194 and \$652,480, respectively. Approximate minimum future commitments under noncancelable operating leases at June 30, 2022 are as follows:

<i>Years ending June 30,</i>	<i>Amount</i>
2023	\$ 614,000
2024	625,000
2025	646,000
2026	665,000
2027	662,000
Thereafter	2,619,000
	<hr/>
	\$ 5,831,000

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. The licenses of all these stations expire on June 1, 2030.

WHYY, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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 2022 and 2021 were \$617,542 and \$571,135, respectively.

20. Subsequent Events

Subsequent events have been evaluated through December 13, 2022, the date the financial statements were available to be issued.

Supplementary Information

WHYY, Inc.
Supplemental Schedule of Activities by Grantee
June 30, 2022

<i>Year ended June 30, 2022</i>	TV	FM	Total
Operating Revenue and Support			
Support:			
Commonwealth of Pennsylvania	\$ 603,745	\$ -	\$ 603,745
State of Delaware	180,000	-	180,000
Corporation for Public Broadcasting	2,380,803	516,549	2,897,352
Federal Support	658,142	-	658,142
Total Support	3,822,690	516,549	4,339,239
Contributions and Revenue			
Memberships and other contributions	15,362,380	6,701,805	22,064,185
Program contracts and grants	3,140,788	12,147,840	15,288,628
Program underwriting	1,008,059	3,405,709	4,413,768
In-kind income	62,126	176,834	238,960
Realized and unrealized losses from investments	(1,978,254)	(1,978,255)	(3,956,509)
Interest and dividends	226,394	226,395	452,789
Change in value of beneficial interest in perpetual trusts	(83,001)	(34,390)	(117,391)
Other	486,855	22,040	508,895
Total Contributions and Revenue	18,225,347	20,667,978	38,893,325
Total Support, Contributions and Revenue	22,048,037	21,184,527	43,232,564
Expenses			
Program services:			
Production and broadcasting	16,095,300	11,450,530	27,545,830
Supporting services:			
General and administrative	1,025,150	436,267	1,461,417
Fundraising	5,653,173	3,047,758	8,700,931
Total Supporting Services	6,678,323	3,484,025	10,162,348
Total Expenses	22,773,623	14,934,555	37,708,178
Change in Net Assets Before Other Income	(725,586)	6,249,972	5,524,386
Other Income	1,691,583	1,691,583	3,383,166
Change in Net Assets	\$ 965,997	\$ 7,941,555	\$ 8,907,552