

**WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS
OPERATED BY THE PENNSYLVANIA STATE UNIVERSITY
AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION**

AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

WPSU-TV AND WPSU-FM PUBLIC TELECOMMUNICATIONS STATIONS
(OPERATED BY THE PENNSYLVANIA STATE UNIVERSITY)

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Independent Auditor's Report

To the Board of Directors
WPSU-TV and WPSU-FM Public
Telecommunications Stations
(Operated by The Pennsylvania State University)

Opinion

We have audited the financial statements of WPSU-TV and WPSU-FM Public Telecommunications Stations (operated by The Pennsylvania State University) (the "Stations"), which comprise the statements of financial position as of June 30, 2023 and the related statements of activities and cash flows for the year 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 the Stations as of June 30, 2023 and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1, which explains that these financial statements present only the Stations and do not purport to, and do not, present fairly the financial position of The Pennsylvania State University as of June 30, 2023 and 2022 and the changes in its financial position and, where applicable, cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Prior Year Financial Statements

The financial statements of the Stations as of June 30, 2022 were audited by other auditors, who expressed an unmodified opinion on those statements on January 13, 2023.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
WPSU-TV and WPSU-FM Public
Telecommunications Stations
(Operated by The Pennsylvania State University)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Stations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stations' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of financial position, activities, and cash flows are presented for the purpose of additional analysis and are 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 audit 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

January 3, 2024

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents allocation from The Pennsylvania State University	\$ 5,994,702	\$ 6,109,214
Accounts receivable	72,959	162,241
Prepaid expense	153,147	197,459
Contributions receivable, net	<u>48,063</u>	<u>33,835</u>
Total current assets	<u>6,268,871</u>	<u>6,502,749</u>
Noncurrent assets:		
Deferred production costs	1,276	1,462
Prepaid expense	3,437	10,100
Property and equipment, net	4,508,719	4,903,748
Beneficial interest in perpetual trust	155,750	194,062
Investment allocation from The Pennsylvania State University	4,011,154	4,164,599
Operating lease right-of-use assets	<u>65,135</u>	<u>106,884</u>
Total noncurrent assets	<u>8,745,471</u>	<u>9,380,855</u>
Total assets	<u><u>\$ 15,014,342</u></u>	<u><u>\$ 15,883,604</u></u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 360,070	\$ 485,538
Due to The Pennsylvania State University	193,661	186,436
Deferred revenue	80,551	156,948
Operating lease liabilities	<u>37,024</u>	<u>42,507</u>
Total current liabilities	<u>671,306</u>	<u>871,429</u>
Noncurrent liabilities:		
Deferred revenue	299,952	483,114
Present value of annuities payable	25,411	33,410
Operating lease liabilities	<u>27,516</u>	<u>63,449</u>
Total noncurrent liabilities	<u>352,879</u>	<u>579,973</u>
Total liabilities	<u>1,024,185</u>	<u>1,451,402</u>
Net assets:		
Without donor restrictions	11,921,471	12,205,126
With donor restrictions	<u>2,068,686</u>	<u>2,227,076</u>
Total net assets	<u>13,990,157</u>	<u>14,432,202</u>
Total liabilities and net assets	<u><u>\$ 15,014,342</u></u>	<u><u>\$ 15,883,604</u></u>

See notes to financial statements

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
Revenues, gains, and other support:		
Contributions	\$ 5,916,457	\$ 5,911,260
Contributions of nonfinancial assets	111,800	373,510
Contributed services from The Pennsylvania State University	1,123,765	1,196,414
Grants	1,995,671	2,327,151
Production services	900,440	1,640,586
Other revenue	194,726	261,830
Investment income	124,346	69,163
Realized and unrealized losses on investments	(55,901)	(15,870)
Net assets released from restriction	98,464	218,111
Total revenues, gains, and other support	<u>10,409,768</u>	<u>11,982,155</u>
Expenses and losses:		
Programming and production	5,387,430	5,840,132
Broadcasting	1,331,565	1,210,933
Program information and promotion	524,680	558,416
Management and general	2,384,180	2,957,748
Fundraising and membership development	490,727	374,781
Underwriting and grant solicitation	573,477	585,436
Disposals of equipment	1,364	30,133
Total expenses and losses	<u>10,693,423</u>	<u>11,557,579</u>
(Decrease) increase in net assets without donor restrictions	<u>(283,655)</u>	<u>424,576</u>
 Changes in net assets with donor restrictions:		
Revenues, gains, and other support:		
Contributions	132,229	48,095
Other revenue	66,750	-
Realized and unrealized losses on investments	(262,439)	(165,224)
Actuarial adjustment of annuities payable	3,534	39,548
Net assets released from restriction	(98,464)	(218,111)
Total revenues, gains, and other support	<u>(158,390)</u>	<u>(295,692)</u>
Decrease in net assets with donor restrictions	<u>(158,390)</u>	<u>(295,692)</u>
 (Decrease) increase in net assets	 (442,045)	 128,884
Net assets at the beginning of the year	<u>14,432,202</u>	<u>14,303,318</u>
Net assets at the end of the year	<u><u>\$ 13,990,157</u></u>	<u><u>\$ 14,432,202</u></u>

See notes to financial statements

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (442,045)	\$ 128,884
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	495,260	561,399
Noncash lease expense	330	515
Capital campaign contributions	(120)	(120)
Realized and unrealized losses on long-term investments	318,340	181,094
Disposals of equipment	1,364	30,133
Actuarial adjustment of annuities payable	(3,534)	(39,548)
Decrease in receivables	75,054	142,043
Decrease (increase) in prepaid expense	50,975	(31,377)
Decrease in deferred production costs	186	337
Decrease in accounts payable and accrued expenses	(125,468)	(4,880)
(Decrease) increase in deferred revenue	(259,559)	10,838
Increase in amount due to The Pennsylvania State University	7,225	117,465
Net cash provided by operating activities	<u>118,008</u>	<u>1,096,783</u>
Cash flows from investing activities:		
Purchase of property and equipment	(101,594)	(141,879)
Purchase of investments	(131,046)	(2,183,415)
Proceeds from sale of investments	4,465	173,290
Net cash used in investing activities	<u>(228,175)</u>	<u>(2,152,004)</u>
Cash flows from financing activities:		
Capital campaign contributions	120	120
Payments of annuity obligations	(4,465)	(13,286)
Net cash used in financing activities	<u>(4,345)</u>	<u>(13,166)</u>
Net decrease in cash and cash equivalents	(114,512)	(1,068,387)
Cash and cash equivalents at the beginning of the year	6,109,214	7,177,601
Cash and cash equivalents at the end of the year	<u>\$ 5,994,702</u>	<u>\$ 6,109,214</u>

See notes to financial statements

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. ORGANIZATION

WPSU-TV and WPSU-FM ("Stations"), Public Telecommunication Stations are non-community stations licensed and operated as a unit of the Pennsylvania State University's ("University") Outreach Department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Stations' financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative GAAP.

The Stations' financial statements include statements of financial position, activities and cash flows. In accordance with FASB ASC requirements, net assets and the changes in net assets are classified as with donor restrictions or without donor restrictions.

Net Asset Classifications

Net assets with donor restrictions are net assets subject to donor-imposed restrictions, either in perpetuity or for a specified time or purpose. Net assets with perpetual restrictions consist primarily of endowments. Net assets restricted by time or purpose consist of contributions receivable, contributions restricted for capital expenditures, perpetual trusts, charitable gift annuities and charitable remainder trusts.

Net assets without donor restrictions are all of the remaining net assets of the Stations.

Fair Value of Financial Instruments

The Stations have provided fair value estimates for certain financial instruments in the notes to these financial statements. Fair value information is based on information available at June 30, 2023 and 2022. The carrying amounts of the Stations' accounts receivable and accounts payable are reasonable estimates of their fair value.

Cash Flows

Cash and cash equivalents include certain investments in highly liquid instruments with initial maturities of 90 days or less, except for such assets held by the University's investment managers as part of their long-term investment strategies.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts on the financial statements and the disclosure of contingencies and commitments. Actual results could differ from those estimates.

Revenue Recognition

Production Services

Production services revenue consists of exchange transactions that fall under the scope of Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. For the years ended June 30, 2023 and 2022, revenue recognized from exchange transactions was \$900,440 and \$1,640,586 respectively. Performance obligations associated with these contracts consist of the provision of services related to production and revenue is typically recognized over time as expenses are incurred. Work completed under these contracts does not result in assets that can be sold to other customers and the Stations are entitled to payment for the work completed to date. Most contracts are cost reimbursement basis, and incurred expenditures are periodically billed to the customer for reimbursement. At June 30, 2023 and 2022, reimbursements related to expenditures incurred on production services contracts of \$0 and \$16,786, respectively, were included in accounts receivable. Under some contracts, funds are received in advance and are reported as deferred revenue until eligible expenditures are incurred. There was no advance funding related to production services contracts included in deferred revenue at June 30, 2023 and 2022. Receipts of \$4,813, included in deferred revenue at June 30, 2021, were recognized during the year ended June 30, 2022. As production services contracts typically have a duration of one year or less, the Stations have elected to apply the optional exemption prescribed by ASC 606-10-50-14 and, as such, have not disclosed the aggregate transaction price allocated to unsatisfied performance obligations or the time at which the revenue associated with these unsatisfied performance obligations is expected to be recognized. At June 30, unsatisfied performance obligations relate solely to work that has yet to be performed under production services contracts that span over fiscal year-end. Transaction prices are typically straightforward and explicitly stated in the contract.

The Stations have elected to use the practical expedient prescribed by ASC 606-10-32-18 in which the promised amount of consideration need not be adjusted for the effects of a significant financing component if the period between when promised goods or services are transferred to a customer and when the customer pays for the goods or services is expected to be one year or less at contract inception.

Contributions

The Stations recognize contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – those with a measurable performance or other barrier and a right to return - are not recognized until the conditions on which they depend have been met.

As permitted, donor-restricted gifts that are received and either spent or deemed spent within the same year are reported as revenue without donor restrictions. Gifts of long-lived assets are reported as revenue without donor restrictions. Gifts specified for the acquisition or construction of long-lived assets are reported as net assets with donor restrictions and are released from restrictions once placed into service.

Grant Revenue

Grant revenue is recognized as the eligible grant activities are conducted. All of the Stations' grants are deemed to be contributions that fall under the scope of ASC Topic 958, Not-for-Profit Entities. These are deemed to be conditional contributions, as eligible expenditures must be incurred in order to meet the funding requirements of the sponsor, and a right of return or release exists for funds spent on ineligible expenditures. Most grants are fixed price and unexpended grant proceeds are recorded as deferred revenue. For those grants on a cost reimbursement basis, accounts receivable are recorded for any unreimbursed grant revenue recognized.

Cash and Investment Allocation from The Pennsylvania State University ("investments")

Cash is held by the University and is allocated to the Stations. Cash is allocated to the stations based on the results of operations and financial needs of the stations. Investments represent the Stations' endowments, charitable gift annuities and charitable remainder trusts. The University is responsible for the investing decisions of these funds and as such the Stations' investments are derived as a percentage of the total investments of the University. Investments are reported at fair value in the accompanying financial statements. See Note 9 for discussion of fair value measurement.

Beneficial Interest in Perpetual Trust

The Stations receive endowment income from investments that are held by outside trustees and are valued at \$155,750 and \$194,062 for the years ended June 30, 2023 and 2022, respectively. The present value of expected future cash flows to the Stations from such investments has been recorded as net assets with donor restrictions and related beneficial interest in perpetual trust in the financial statements.

Annuities Payable

Annuities payable consist of annuity payments currently due and the actuarial amount of annuities payable. The actuarial amount of annuities payable is the present value of the aggregate liability for annuity payments over the expected lives of the beneficiaries. The Stations elected the fair value option for measuring annuities liability.

Net Assets

Net assets consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Net assets without donor restrictions:				
Undesignated		\$ 5,439,916	\$ (160,372)	\$ 5,279,544
Funds functioning as endowments		2,068,887	64,321	2,133,208
Net investment in property and equipment		<u>4,239,614</u>	<u>269,105</u>	<u>4,508,719</u>
Total net assets without donor restrictions		<u>11,748,417</u>	<u>173,054</u>	<u>11,921,471</u>
Net assets with donor restrictions:				
Endowment funds		1,300,965	508,712	1,809,677
Future contributions		24,400	23,663	48,063
Perpetual trust		77,875	77,875	155,750
Charitable gift annuities and charitable remainder trust		6,064	38,913	44,977
Contributions for property and equipment		<u>10,219</u>	<u>-</u>	<u>10,219</u>
Total net assets with donor restrictions		<u>1,419,523</u>	<u>649,163</u>	<u>2,068,686</u>
Total net assets		<u>\$ 13,167,940</u>	<u>\$ 822,217</u>	<u>\$ 13,990,157</u>
	<u>2022</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Net assets without donor restrictions:				
Undesignated		\$ 5,322,805	\$ (163,536)	\$ 5,159,269
Funds functioning as endowments		2,039,414	102,695	2,142,109
Net investment in property and equipment		<u>4,629,861</u>	<u>273,887</u>	<u>4,903,748</u>
Total net assets without donor restrictions		<u>11,992,080</u>	<u>213,046</u>	<u>12,205,126</u>
Net assets with donor restrictions:				
Endowment funds		1,380,466	550,991	1,931,457
Future contributions		12,561	21,274	33,835
Perpetual trust		97,031	97,031	194,062
Charitable gift annuities and charitable remainder trust		22,423	35,200	57,623
Contributions for property and equipment		<u>10,099</u>	<u>-</u>	<u>10,099</u>
Total net assets with donor restrictions		<u>1,522,580</u>	<u>704,496</u>	<u>2,227,076</u>
Total net assets		<u>\$ 13,514,660</u>	<u>\$ 917,542</u>	<u>\$ 14,432,202</u>

Income Taxes

The Stations are exempt from federal income tax, except for activities unrelated to its exempt purpose, under Internal Revenue Code section 115 in line with the University's tax exempt status.

Leases

The Stations determine if an arrangement is or contains a lease at inception of the contract. The right-of-use (ROU) assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets are recognized at commencement date based on the present value of lease payments over the lease term, adjusted for any initial direct costs incurred and lease incentives received, with the subsequent measurement based on lease classification. The lease liability is initially measured as the present value of unpaid lease payments and is subsequently measured using the effective interest method. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the Stations will exercise that option. The Stations have used the University's incremental borrowing rate when measuring its leases as the rate implicit in the lease is not readily determinable. The University's incremental borrowing rate is determined based on the Tax-Exempt Bloomberg Valuation Services (BVAL) Municipal AAA Curves Index Rate. The Index is constructed using hourly trades from the Municipal Securities Rulemaking Board (MSRB) AAA-rated municipal bonds normalized for differences in credit, optionality, and coupon size. ASC 842 defines a short-term lease as a lease with a term of twelve months or less that does not include a purchase option that is reasonably certain of being exercised ("short-term leases"). The Stations have elected, for all asset classes, the short-term lease recognition exemption provided in the standard that eliminates the requirement to recognize on the statement of financial position any short-term leases. The lease expense for these short-term leases is recognized on a straight-line basis over the lease term within operating expenses in the statements of activities and is not considered material to the financial statements. Operating lease ROU assets and related current and long-term liabilities are separately presented in the statements of financial position. Expenses for operating leases are recognized within operating expenses in the statements of activities.

The Stations have elected, for all asset classes, the practical expedient to not separate lease and nonlease components. Certain of the Stations' lease agreements include payments based on actual utilities. Other agreements include rental payments adjusted periodically for inflation. These are deemed to be variable lease payments and are recognized in operating expenses as incurred but are not included in the ROU asset or liability balances. These variable lease payments are not considered material to the financial statements. The Stations' lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, "*Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*." This update includes changes to the accounting and measurement of financial assets, including the Stations' accounts receivable, by requiring the Stations to recognize an allowance for all expected losses over the life of the financial asset at origination. This differs from the current practice where an allowance is not recognized until the losses are considered probable. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. This update is effective for the Stations beginning July 1, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the year of adoption. The Stations are currently evaluating the impact this guidance may have on their financial statements.

Federal Funding

The Stations have received payments and advances under the Coronavirus Aid, Relief and Economic Security Act (CARES), the American Rescue Plan (ARP), the Pennsylvania Governor's Emergency Education Relief Fund (PA GEERS), and PA Learning at Home funding. As of June 30, 2023, the Stations have received a total of \$2,477,449 (\$2,159,110 - WPSU-TV and \$318,339 - WPSU-FM) in coronavirus related funding from various programs. Coronavirus related program funding receipts of \$278,256 (WPSU-TV), included in deferred revenue at June 30, 2022, were recognized during the year ended June 30, 2023. Coronavirus related program funding receipts of \$56,203 (WPSU-FM), included in deferred revenue at June 30, 2021, were recognized during the year ended June 30, 2022. During the fiscal year ending June 30, 2022, WPSU-TV recognized revenue of \$437,218 from coronavirus related program funding.

3. CONTRIBUTIONS RECEIVABLE

Unconditional contributions are recognized when received and consist of written or oral promises to contribute to the Stations in the future.

Contributions receivable are expected to be realized as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
In one year or less		\$ 27,849	\$ 25,002	\$ 52,851
Contributions receivable, gross		27,849	25,002	52,851
Less allowance		(3,449)	(1,339)	(4,788)
Contributions receivable, net		<u>\$ 24,400</u>	<u>\$ 23,663</u>	<u>\$ 48,063</u>
	<u>2022</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
In one year or less		\$ 16,135	\$ 22,041	\$ 38,176
Contributions receivable, gross		16,135	22,041	38,176
Less allowance		(3,574)	(767)	(4,341)
Contributions receivable, net		<u>\$ 12,561</u>	<u>\$ 21,274</u>	<u>\$ 33,835</u>

The Stations have received bequest intentions of \$5,570,380 (\$4,033,333 - WPSU-TV and \$1,537,047 - WPSU-FM) and \$5,637,047 (\$4,100,000 - WPSU-TV and \$1,537,047 - WPSU-FM) at June 30, 2023 and 2022, respectively. These bequest intentions are deemed to be conditional contributions and are not included in the financial statements.

4. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or, in the case of donated property, at the estimated fair market value at date of receipt. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated lives of equipment range between 5 and 10 years. The estimated lives of the building and its components range from 20 to 50 years. Expenses for repairs and maintenance are charged to operating expense as incurred.

Total property and equipment is comprised of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Building		\$ 10,871,172	\$ 712,879	\$ 11,584,051
Equipment		<u>6,445,803</u>	<u>669,597</u>	<u>7,115,400</u>
Total		17,316,975	1,382,476	18,699,451
Less accumulated depreciation		(13,077,361)	(1,113,371)	(14,190,732)
Total building and equipment, net		<u>\$ 4,239,614</u>	<u>\$ 269,105</u>	<u>\$ 4,508,719</u>
	<u>2022</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Building		\$ 10,871,172	\$ 712,879	\$ 11,584,051
Equipment		<u>6,388,197</u>	<u>652,885</u>	<u>7,041,082</u>
Total		17,259,369	1,365,764	18,625,133
Less accumulated depreciation		(12,629,508)	(1,091,877)	(13,721,385)
Total building and equipment, net		<u>\$ 4,629,861</u>	<u>\$ 273,887</u>	<u>\$ 4,903,748</u>

Depreciation expense was \$495,260 (\$473,766 - WPSU-TV and \$21,494 - WPSU-FM) and \$561,399 (\$519,646 - WPSU-TV and \$41,753 - WPSU-FM) for the years ended June 30, 2023 and 2022, respectively.

5. RELATED PARTIES

Total revenue to the Stations from the University related to production services and underwriting, included in production services revenue and contributions, approximated \$919,000 (\$866,000 – WPSU-TV and \$53,000 – WPSU-FM) and \$1,148,000 (\$1,098,000 – WPSU-TV and \$50,000 – WPSU-FM) for the fiscal years ended June 30, 2023 and 2022, respectively. Total receivables related to such production services, included in accounts receivable are approximately \$45,000 and \$11,000 for WPSU-TV at June 30, 2023 and 2022, respectively.

See note 2 for discussion of the cash and investment allocation from the University. WPSU-FM had a payable due to the University of \$193,661 and \$186,436 as of June 30, 2023 and 2022, respectively.

Included in WPSU-TV contributions revenue are financial contributions from the University of approximately \$4,206,000 and \$4,099,000 for the years ended June 30, 2023 and 2022, respectively, for operating needs. Included in the contributed services discussed in Note 12, the University contributed approximately \$1,123,000 (\$958,000 – WPSU-TV and \$165,000 – WPSU-FM) and \$1,196,000 (\$1,016,000 – WPSU-TV and \$180,000 – WPSU-FM) of services and indirect support for the years ended June 30, 2023 and 2022, respectively.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Stations regularly monitor liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Stations consider all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Stations anticipate collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In the event that revenue does not cover expenditures, the University covers the deficit. Refer to the statement of cash flows, which identifies the sources and uses of the Stations cash for the years ended June 30, 2023 and 2022.

The Stations have designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of management.

The following reflects the Stations financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year. Certain long-term investments could be liquidated if needed based on the terms of their agreements.

As of June 30, 2023:

	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Total assets	\$ 13,871,286	\$ 1,143,056	\$ 15,014,342
Less:			
Prepaid expenses	82,247	74,337	156,584
Property and equipment, net	4,239,614	269,105	4,508,719
Beneficial interest in perpetual trust	77,875	77,875	155,750
Deferred production costs	1,276	-	1,276
Operating lease right-of-use assets	-	65,135	65,135
Total financial assets	9,470,274	656,604	10,126,878
Less:			
Noncurrent investments	3,378,213	632,941	4,011,154
Receivables subject to donor-imposed restrictions	24,400	23,663	48,063
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,067,661</u>	<u>\$ -</u>	<u>\$ 6,067,661</u>

As of June 30, 2022:

	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Total assets	\$ 14,584,253	\$ 1,299,351	\$ 15,883,604
Less:			
Prepaid expenses	120,299	87,260	207,559
Property and equipment, net	4,629,861	273,887	4,903,748
Beneficial interest in perpetual trust	97,031	97,031	194,062
Deferred production costs	1,462	-	1,462
Operating lease right-of-use assets	-	106,884	106,884
Total financial assets	9,735,600	734,289	10,469,889
Less:			
Noncurrent investments	3,451,584	713,015	4,164,599
Receivables subject to donor-imposed restrictions	12,561	21,274	33,835
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,271,455</u>	<u>\$ -</u>	<u>\$ 6,271,455</u>

7. INVESTMENTS

WPSU-TV investments by major category as of June 30 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Fixed income	\$ 489,099	\$ 590,046
Equity investments	2,116,092	2,186,383
Real assets	445,712	359,968
Opportunistic	327,310	315,187
Total	<u>\$ 3,378,213</u>	<u>\$ 3,451,584</u>

WPSU-FM investments by major category as of June 30 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Fixed income	\$ 100,852	\$ 129,877
Equity investments	401,059	454,031
Real assets	75,578	68,861
Opportunistic	55,452	60,246
Total	<u>\$ 632,941</u>	<u>\$ 713,015</u>

Fixed income investments are comprised of public and private fixed income strategies, which include government and corporate debt, mortgage-backed, and other asset-backed related debt. Equity investments include public and private strategies across global, U.S., developed non-U.S., and emerging markets. Real asset investments include public and private strategies utilizing both equity and debt structures that are focused on producing a positive real return during an inflationary environment. Real asset strategies include real estate, natural resources, and commodities. Opportunistic investments include public and private strategies utilizing both equity and debt structures that are expected to achieve absolute returns over longer periods of time and do not classify well into the other three investment types.

8. ENDOWMENTS

The Stations use a "total return" approach to endowment fund investment management. This approach, which is consistent with University policy, emphasizes total investment return (current income plus or minus realized and unrealized capital gains and losses) as the basis for endowment spending. The Stations' investments are maintained and managed by the University as part of the overall endowment investment portfolio. The Stations have implemented an endowment income spending policy whereby a predetermined amount is paid out each fiscal year based on a prescribed formula in accordance with Pennsylvania statutes. The spending amount for fiscal year 2023 and 2022 was based on 5.0% and 4.5%, respectively, of the endowment plan's average fair market value over the prior twenty quarters preceding the fiscal year in which the distribution was planned and was net of administrative expenses.

Income received from certain endowments held by WPSU-TV can be spent on either station at the discretion of the general manager.

The Stations' endowments include both donor-restricted endowment funds and funds designated to function as endowments. As required by GAAP, 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.

The ASC Not-for-Profit Entities Presentation of Financial Statements Subtopic (ASC Subtopic 958-205) provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and improves disclosure about an organization's endowment funds regardless of whether the organization is subject to UPMIFA. The Commonwealth of Pennsylvania has not adopted UPMIFA but rather has enacted Pennsylvania Act 141 ("PA Act 141"). PA Act 141 permits an organization's trustees to define income as a stipulated percentage of endowment assets (between 2% and 7% of the fair value of the assets averaged over a period of at least three preceding years) without regard to actual interest, dividend, or realized and unrealized gains.

The Stations have interpreted PA Act 141 to permit the Stations to spend the earnings of its endowment based on a total return approach, without regard to the fair value of the original gift. As a result of this interpretation, the Stations classify as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Funds functioning as endowments are established at the direction of Station management and are classified as without donor restrictions due to the lack of external donor restrictions. Gains and losses attributable to permanent endowments are recorded as net assets with donor restrictions and gains and losses attributable to funds functioning as endowments are recorded as net assets without donor restrictions.

WPSU-TV endowment net asset composition by type of fund as of June 30, 2023 and 2022:

<u>2023</u>	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,300,965	\$ 1,300,965
Funds functioning as endowments	2,068,887	-	2,068,887
Total net assets	<u>\$ 2,068,887</u>	<u>\$ 1,300,965</u>	<u>\$ 3,369,852</u>

<u>2022</u>	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,380,466	\$ 1,380,466
Funds functioning as endowments	2,039,414	-	2,039,414
Total net assets	<u>\$ 2,039,414</u>	<u>\$ 1,380,466</u>	<u>\$ 3,419,880</u>

Changes in WPSU-TV endowment net assets for the years ended June 30, 2023 and 2022:

<u>2023</u>	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of the year	\$ 2,039,414	\$ 1,380,466	\$ 3,419,880
Endowment earnings	59,611	(112,453)	(52,842)
Endowment spending	(77,138)	(47,835)	(124,973)
Contributions	47,000	80,787	127,787
Endowment net assets, end of the year	<u>\$ 2,068,887</u>	<u>\$ 1,300,965</u>	<u>\$ 3,369,852</u>

<u>2022</u>	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of the year	\$ 44,202	\$ 1,248,753	\$ 1,292,955
Endowment earnings	30,577	(48,702)	(18,125)
Endowment spending	(35,365)	-	(35,365)
Contributions	2,000,000	180,415	2,180,415
Endowment net assets, end of the year	<u>\$ 2,039,414</u>	<u>\$ 1,380,466</u>	<u>\$ 3,419,880</u>

WPSU-FM endowment net asset composition by type of fund as of June 30, 2023 and 2022:

	<u>2023</u>	Without donor restrictions	With donor restrictions	<u>Total</u>
Donor-restricted endowment funds		\$ -	\$ 508,712	\$ 508,712
Funds functioning as endowments		64,321	-	64,321
Total net assets		<u>\$ 64,321</u>	<u>\$ 508,712</u>	<u>\$ 573,033</u>

	<u>2022</u>	Without donor restrictions	With donor restrictions	<u>Total</u>
Donor-restricted endowment funds		\$ -	\$ 550,991	\$ 550,991
Funds functioning as endowments		102,695	-	102,695
Total net assets		<u>\$ 102,695</u>	<u>\$ 550,991</u>	<u>\$ 653,686</u>

Changes in WPSU-FM endowment net assets for the years ended June 30, 2023 and 2022:

	<u>2023</u>	Without donor restrictions	With donor restrictions	<u>Total</u>
Endowment net assets, beginning of the year		\$ 102,695	\$ 550,991	\$ 653,686
Endowment earnings		(35,961)	(28,743)	(64,704)
Endowment spending		(2,413)	(16,796)	(19,209)
Contributions		-	3,260	3,260
Endowment net assets, end of the year		<u>\$ 64,321</u>	<u>\$ 508,712</u>	<u>\$ 573,033</u>

	<u>2022</u>	Without donor restrictions	With donor restrictions	<u>Total</u>
Endowment net assets, beginning of the year		\$ 113,778	\$ 605,319	\$ 719,097
Endowment earnings		7,111	(57,328)	(50,217)
Endowment spending		(18,194)	-	(18,194)
Contributions		-	3,000	3,000
Endowment net assets, end of the year		<u>\$ 102,695</u>	<u>\$ 550,991</u>	<u>\$ 653,686</u>

From time to time due to unfavorable market fluctuations, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund, while other assets are unaffected to the same extent and maintain or exceed the level required. As of June 30, 2023 and 2022, WPSU-TV funds with an original gift value of \$256,621 and \$180,115 were “underwater” by \$6,821 and \$7,232, respectively. Subsequent investment gains will be used to restore the balance up to the fair market value of the original gift.

9. FAIR VALUE MEASUREMENTS

The Stations utilize the following fair value hierarchy, which prioritizes into three broad levels, the inputs to valuation techniques used to measure fair value:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date. Such instruments valued at Level 1, primarily consist of securities that are directly held and actively traded in public markets.
- Level 2 – Inputs other than unadjusted quoted prices that are observable for the asset or liability, directly or indirectly, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means
- Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Stations' assessment of significance of a particular item to the fair value measurement in its entirety requires judgment, including consideration of inputs specific to the asset.

Public separate accounts hold public fixed income and equity investments owned by the Stations. Private separate accounts hold private fixed income and equity investments owned by the Stations. Public funds are commingled investment structures that are publicly listed and whose valuations are readily available. Private funds comprise commingled investment structures that are not publicly listed and are managed collectively following a prescribed investment strategy.

Private funds with redemption ability include private funds that the Stations have some discretion as to the timing of withdrawing money from the commingled fund. Redemptions vary from daily to quarterly with required notification of 90 days or less. Private funds without redemption ability include private funds that the Stations have no or very little discretion as to the timing of withdrawing money from the commingled fund. Realizations from these funds are received as the underlying investments are liquidated or distributed, typically within 10-15 years after initial commitment. Unfunded commitments represent remaining commitments of the Endowment Investments' drawdown funds as of June 30, 2023.

The following tables present information about WPSU-TV's financial assets and liabilities, as categorized by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or net asset value (NAV) per share as of June 30, 2023 and 2022:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<u>Assets:</u>					
Endowment Investments:					
Fixed income					
Public separate accounts	\$ -	\$ 197,725	\$ -	\$ -	\$ 197,725
Public funds	62,092	-	-	-	62,092
Private funds	-	-	-	229,282	229,282
Equity investments					
Public separate accounts	618,285	-	-	-	618,285
Public funds	5,789	-	-	-	5,789
Private funds	-	-	-	1,492,018	1,492,018
Real assets					
Public separate accounts	38,403	-	-	-	38,403
Public funds	82,794	-	-	-	82,794
Private funds	-	-	-	324,515	324,515
Opportunistic					
Private funds	-	-	-	327,310	327,310
Total	<u>\$ 807,363</u>	<u>\$ 197,725</u>	<u>\$ -</u>	<u>\$ 2,373,125</u>	<u>\$ 3,378,213</u>
Beneficial interest in perpetual trusts					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,875</u>	<u>\$ -</u>	<u>\$ 77,875</u>
<u>Liabilities:</u>					
Present value of annuities payable					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,297</u>	<u>\$ -</u>	<u>\$ 2,297</u>

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<u>Assets:</u>					
Endowment Investments:					
Fixed income					
Public separate accounts	\$ 97	\$ 277,322	\$ -	\$ -	\$ 277,419
Public funds	126,944	-	-	-	126,944
Private funds	-	-	-	185,683	185,683
Equity investments					
Public separate accounts	321,696	-	-	-	321,696
Private separate accounts	-	-	857	-	857
Public funds	65,768	-	-	-	65,768
Private funds	-	-	-	1,798,062	1,798,062
Real assets					
Public funds	49,605	-	-	-	49,605
Private funds	-	-	-	310,363	310,363
Opportunistic					
Private funds	-	-	-	315,187	315,187
Total	<u>\$ 564,110</u>	<u>\$ 277,322</u>	<u>\$ 857</u>	<u>\$ 2,609,295</u>	<u>\$ 3,451,584</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,031</u>	<u>\$ -</u>	<u>\$ 97,031</u>
<u>Liabilities:</u>					
Present value of annuities payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,281</u>	<u>\$ -</u>	<u>\$ 9,281</u>

The following tables present information related to changes in Level 3 for each category of financial assets and liabilities for WPSU-TV for the years ended June 30:

	<u>Endowment Investments</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Assets:</u>		
Balance as of June 30, 2021	\$ 261	\$ 87,872
Total realized and unrealized gains	<u>596</u>	<u>9,159</u>
Balance as of June 30, 2022	857	97,031
Total realized and unrealized losses	-	(19,156)
Net transfers out	<u>(857)</u>	<u>-</u>
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 77,875</u>
<u>Liabilities:</u>		
	<u>Present Value of Annuities Payable</u>	
Balance as of June 30, 2021	\$ 61,091	
Actuarial adjustment of liability	(41,924)	
Sales	<u>(9,886)</u>	
Balance as of June 30, 2022	9,281	
Actuarial adjustment of liability	(5,919)	
Sales	<u>(1,065)</u>	
Balance as of June 30, 2023	<u>\$ 2,297</u>	

The following table presents the fair value and redemption frequency for private funds' investments whose fair value is not readily determinable and is estimated using NAV or its equivalent for WPSU-TV as of June 30, 2023 and 2022:

	Ending Value		Unfunded	Redemption	Redemption
	<u>2023</u>	<u>2022</u>	<u>At June 30, 2023</u>	<u>Frequency</u>	<u>Notice Period</u>
Private Funds With Redemption Ability:					
Fixed income investments	\$ 163,019	\$ 85,987	\$ 32,293	Various	2-90 days
Equity investments	643,095	892,033	-	Various	2-90 days
Real asset investments	138,563	133,590	44,166	Various	2-90 days
Opportunistic investments	<u>284,885</u>	<u>279,622</u>	<u>-</u>	Various	2-90 days
Subtotal	<u>\$ 1,229,562</u>	<u>\$ 1,391,232</u>	<u>\$ 76,459</u>		
Private Funds Without Redemption Ability:					
Fixed income investments	\$ 66,263	\$ 99,696	\$ 43,718		
Equity investments	848,923	906,029	248,988		
Real asset investments	185,952	176,773	128,412		
Opportunistic investments	<u>42,425</u>	<u>35,565</u>	<u>31,159</u>		
Subtotal	<u>\$ 1,143,563</u>	<u>\$ 1,218,063</u>	<u>\$ 452,277</u>		
Total	<u>\$ 2,373,125</u>	<u>\$ 2,609,295</u>	<u>\$ 528,736</u>		

The following tables present information about WPSU-FM's financial assets and liabilities, as categorized by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or net asset value (NAV) per share as of June 30, 2023 and 2022:

	2023	Level 1	Level 2	Level 3	NAV	Total
<u>Assets:</u>						
Endowment Investments:						
Fixed income						
Public separate accounts	\$ -	\$ 33,875	\$ -	\$ -	\$ -	\$ 33,875
Public funds	27,248	-	-	-	-	27,248
Private funds	-	-	-	-	39,728	39,728
Equity investments						
Public separate accounts	104,749	-	-	-	-	104,749
Public funds	42,948	-	-	-	-	42,948
Private funds	-	-	-	-	253,363	253,363
Real assets						
Public separate accounts	6,506	-	-	-	-	6,506
Public funds	14,027	-	-	-	-	14,027
Private funds	-	-	-	-	55,045	55,045
Opportunistic						
Private funds	-	-	-	-	55,452	55,452
Total	<u>\$ 195,478</u>	<u>\$ 33,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,588</u>	<u>\$ 632,941</u>
Beneficial interest in perpetual trusts						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,875</u>
<u>Liabilities:</u>						
Present value of annuities payable						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,114</u>

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<u>Assets:</u>					
Endowment Investments:					
Fixed income					
Public separate accounts	\$ 18	\$ 53,393	\$ -	\$ -	\$ 53,411
Public funds	38,820	-	-	-	38,820
Private funds	-	-	-	37,646	37,646
Equity investments					
Public separate accounts	61,490	-	-	-	61,490
Private separate accounts	-	-	164	-	164
Public funds	48,204	-	-	-	48,204
Private funds	-	-	-	344,173	344,173
Real assets					
Public funds	9,482	-	-	-	9,482
Private funds	-	-	-	59,379	59,379
Opportunistic					
Private funds	-	-	-	60,246	60,246
Total	<u>\$ 158,014</u>	<u>\$ 53,393</u>	<u>\$ 164</u>	<u>\$ 501,444</u>	<u>\$ 713,015</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,031</u>	<u>\$ -</u>	<u>\$ 97,031</u>
<u>Liabilities:</u>					
Present value of annuities payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,129</u>	<u>\$ -</u>	<u>\$ 24,129</u>

The following tables present information related to changes in Level 3 for each category of financial assets and liabilities for WPSU-FM for the years ended June 30:

	<u>Endowment Investments</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Assets:</u>		
Balance as of June 30, 2021	\$ 145	\$ 87,872
Total realized and unrealized gains	19	9,159
Balance as of June 30, 2022	164	97,031
Total realized and unrealized losses	-	(19,156)
Net transfers out	(164)	-
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 77,875</u>
<u>Liabilities:</u>		
	<u>Present Value of Annuities Payable</u>	
Balance as of June 30, 2021	\$ 25,153	
Actuarial adjustment of liability	2,376	
Sales	(3,400)	
Balance as of June 30, 2022	24,129	
Actuarial adjustment of liability	2,385	
Sales	(3,400)	
Balance as of June 30, 2023	<u>\$ 23,114</u>	

The following table presents the fair value and redemption frequency for private funds' investments whose fair value is not readily determinable and is estimated using NAV or its equivalent for WPSU-FM as of June 30, 2023 and 2022:

	Ending Value		Unfunded	Redemption	Redemption
	<u>2023</u>	<u>2022</u>	Commitments	<u>Frequency</u>	<u>Notice Period</u>
			<u>At June 30, 2023</u>		
Private Funds With Redemption Ability:					
Fixed income investments	\$ 28,502	\$ 18,590	\$ 5,471	Various	2-90 days
Equity investments	108,952	170,506	-	Various	2-90 days
Real asset investments	23,475	25,535	7,482	Various	2-90 days
Opportunistic investments	<u>48,264</u>	<u>53,447</u>	<u>-</u>	Various	2-90 days
Subtotal	<u>\$ 209,193</u>	<u>\$ 268,078</u>	<u>\$ 12,953</u>		
Private Funds Without Redemption Ability:					
Fixed income investments	\$ 11,226	\$ 19,056	\$ 7,407		
Equity investments	144,411	173,667	42,183		
Real asset investments	31,570	33,844	21,755		
Opportunistic investments	<u>7,188</u>	<u>6,799</u>	<u>5,279</u>		
Subtotal	<u>\$ 194,395</u>	<u>\$ 233,366</u>	<u>\$ 76,624</u>		
Total	<u>\$ 403,588</u>	<u>\$ 501,444</u>	<u>\$ 89,577</u>		

10. OPERATING LEASES

WPSU-FM has certain lease agreements in effect which are considered operating leases expiring at dates through 2027. These agreements are to rent space on broadcast transmission towers for translator antennas and to rent space for transmission equipment.

Future maturities of lease liabilities at June 30, 2023 are as follows:

<u>Year</u>	<u>Operating Leases</u>
2024	\$ 40,810
2025	12,632
2026	12,825
2027	<u>2,803</u>
Total lease payments	69,070
Less amount representing interest	<u>(4,530)</u>
Total lease obligations	64,540
Current portion	<u>37,024</u>
Long-term portion	<u>\$ 27,516</u>

Operating lease expense for the years ended June 30, 2023 and 2022 was \$44,965 and \$43,924, respectively.

The weighted-average remaining lease term and weighted-average discount rate at June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term (years)	2.33	2.99
Weighted-average discount rate	2.70%	2.50%

Supplemental cash flow information related to leases for the year ended June 30 is as follows:

	<u>2023</u>	<u>2022</u>
ROU assets acquired in exchange for operating lease liabilities	-	29,440
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	44,538	43,408

11. FUNCTIONAL AND NATURAL CLASSIFICATION OF EXPENSES

Functional expenses by natural classification for WPSU-TV as of June 30, 2023 and 2022 are as follows:

<u>2023</u>	<u>Programming and Other Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 3,035,317	\$ 457,412	\$ 353,235	\$ 3,845,964
Benefits	1,032,497	157,024	124,508	1,314,029
Depreciation	321,356	108,111	44,299	473,766
Supplies, services, and other	1,899,298	1,552,565	344,646	3,796,509
Total	<u>\$ 6,288,468</u>	<u>\$ 2,275,112</u>	<u>\$ 866,688</u>	<u>\$ 9,430,268</u>

<u>2022</u>	<u>Programming and Other Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 3,087,075	\$ 527,226	\$ 394,065	\$ 4,008,366
Benefits	1,038,188	181,587	135,173	1,354,948
Depreciation	346,840	133,175	39,631	519,646
Supplies, services, and other	2,193,368	1,705,877	189,330	4,088,575
Total	<u>\$ 6,665,471</u>	<u>\$ 2,547,865</u>	<u>\$ 758,199</u>	<u>\$ 9,971,535</u>

Functional expenses by natural classification for WPSU-FM as of June 30, 2023 and 2022 are as follows:

<u>2023</u>	<u>Programming and Other Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 325,063	\$ 81,769	\$ 119,105	\$ 525,937
Benefits	105,698	28,946	42,343	176,987
Depreciation	14,447	4,064	2,983	21,494
Supplies, services, and other	511,363	154,284	33,085	698,732
Total	<u>\$ 956,571</u>	<u>\$ 269,063</u>	<u>\$ 197,516</u>	<u>\$ 1,423,150</u>

<u>2022</u>	<u>Programming and Other Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 365,954	\$ 82,189	\$ 115,644	\$ 563,787
Benefits	112,355	29,060	39,596	181,011
Depreciation	25,642	10,792	5,319	41,753
Supplies, services, and other	470,192	287,842	41,459	799,493
Total	<u>\$ 974,143</u>	<u>\$ 409,883</u>	<u>\$ 202,018</u>	<u>\$ 1,586,044</u>

Depreciation expense has been allocated based on the total proportionate expenses of each functional classification.

12. CONTRIBUTED NONFINANCIAL ASSETS

Nonfinancial contributions recognized within the statements of activities at June 30, 2023 and 2022 included the following:

<u>2023</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Services	\$ 961,110	\$ 169,975	\$ 1,131,085
Vehicles	6,596	32,519	39,115
Advertising	23,990	1,260	25,250
Fundraising items	40,115	-	40,115
Total nonfinancial contributions	<u>\$ 1,031,811</u>	<u>\$ 203,754</u>	<u>\$ 1,235,565</u>

	<u>2022</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Services		\$ 1,182,661	\$ 290,719	\$ 1,473,380
Vehicles		6,713	31,668	38,381
Advertising		29,460	-	29,460
Equipment		3,223	-	3,223
Fundraising items		25,480	-	25,480
Total nonfinancial contributions		<u>\$ 1,247,537</u>	<u>\$ 322,387</u>	<u>\$ 1,569,924</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services recognized include various professional services and indirect administrative support from The Pennsylvania State University, and professional services from accountants related to the audit of the Stations' financial statements. Contributed professional services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar professional services. Contributed indirect administrative support from the University is valued based on the indirect administrative support calculation for institutional licensee's as set forth by the Corporation for Public Broadcasting (CPB).

It is the Stations' policy to sell all contributed vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. No vehicles received during the period were restricted for use. All vehicles were sold and valued according to the actual cash proceeds on their disposition.

Advertising is reported at the estimated fair value in the financial statements based on current rates for this service.

Contributed equipment was utilized in production services for WPSU-TV. The contributed equipment was valued at the estimated fair value.

Contributed fundraising items include various items that are donated to be auctioned as a fundraiser for WPSU-TV. Items that are donated for auction are valued according to the actual cash proceeds from the auction.

13. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to the statement of financial position date through January 3, 2024, the date that the financial statements were available to be issued, for potential recognition and disclosure. No significant events or transactions were identified which would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
SUPPLEMENTAL INFORMATION
SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	JUNE 30, 2023			JUNE 30, 2022		
	TV	FM	TOTAL	TV	FM	TOTAL
Current assets:						
Cash and cash equivalents allocation from						
The Pennsylvania State University	\$ 5,994,702	\$ -	\$ 5,994,702	\$ 6,109,214	\$ -	\$ 6,109,214
Accounts receivable	72,959	-	72,959	162,241	-	162,241
Prepaid expense	78,810	74,337	153,147	110,199	87,260	197,459
Contributions receivable, net	24,400	23,663	48,063	12,561	21,274	33,835
Total current assets	<u>6,170,871</u>	<u>98,000</u>	<u>6,268,871</u>	<u>6,394,215</u>	<u>108,534</u>	<u>6,502,749</u>
Noncurrent assets:						
Deferred production costs	1,276	-	1,276	1,462	-	1,462
Prepaid expense	3,437	-	3,437	10,100	-	10,100
Property and equipment, net	4,239,614	269,105	4,508,719	4,629,861	273,887	4,903,748
Beneficial interest in perpetual trust	77,875	77,875	155,750	97,031	97,031	194,062
Investment allocation from The Pennsylvania State University	3,378,213	632,941	4,011,154	3,451,584	713,015	4,164,599
Operating lease right-of-use assets	-	65,135	65,135	-	106,884	106,884
Total noncurrent assets	<u>7,700,415</u>	<u>1,045,056</u>	<u>8,745,471</u>	<u>8,190,038</u>	<u>1,190,817</u>	<u>9,380,855</u>
Total assets	<u>\$ 13,871,286</u>	<u>\$ 1,143,056</u>	<u>\$ 15,014,342</u>	<u>\$ 14,584,253</u>	<u>\$ 1,299,351</u>	<u>\$ 15,883,604</u>
Current liabilities:						
Accounts payable and accrued expenses	\$ 320,546	\$ 39,524	\$ 360,070	\$ 420,250	\$ 65,288	\$ 485,538
Due to The Pennsylvania State University	-	193,661	193,661	-	186,436	186,436
Deferred revenue	80,551	-	80,551	156,948	-	156,948
Operating lease liabilities	-	37,024	37,024	-	42,507	42,507
Total current liabilities	<u>401,097</u>	<u>270,209</u>	<u>671,306</u>	<u>577,198</u>	<u>294,231</u>	<u>871,429</u>
Noncurrent liabilities:						
Deferred revenue	299,952	-	299,952	483,114	-	483,114
Present value of annuities payable	2,297	23,114	25,411	9,281	24,129	33,410
Operating lease liabilities	-	27,516	27,516	-	63,449	63,449
Total noncurrent liabilities	<u>302,249</u>	<u>50,630</u>	<u>352,879</u>	<u>492,395</u>	<u>87,578</u>	<u>579,973</u>
Total liabilities	<u>703,346</u>	<u>320,839</u>	<u>1,024,185</u>	<u>1,069,593</u>	<u>381,809</u>	<u>1,451,402</u>
Net assets:						
Without donor restrictions	11,748,417	173,054	11,921,471	11,992,080	213,046	12,205,126
With donor restrictions	1,419,523	649,163	2,068,686	1,522,580	704,496	2,227,076
Total net assets	<u>13,167,940</u>	<u>822,217</u>	<u>13,990,157</u>	<u>13,514,660</u>	<u>917,542</u>	<u>14,432,202</u>
Total liabilities and net assets	<u>\$ 13,871,286</u>	<u>\$ 1,143,056</u>	<u>\$ 15,014,342</u>	<u>\$ 14,584,253</u>	<u>\$ 1,299,351</u>	<u>\$ 15,883,604</u>

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
SUPPLEMENTAL INFORMATION
SCHEDULES OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	JUNE 30, 2023			JUNE 30, 2022		
	TV	FM	TOTAL	TV	FM	TOTAL
Changes in net assets without donor restrictions:						
Revenues, gains, and other support:						
Contributions	\$ 5,116,573	\$ 799,884	\$ 5,916,457	\$ 5,057,280	\$ 853,980	\$ 5,911,260
Contributions of nonfinancial assets	73,446	38,354	111,800	231,230	142,280	373,510
Contributed services from The Pennsylvania State University	958,365	165,400	1,123,765	1,016,307	180,107	1,196,414
Grants	1,815,125	180,546	1,995,671	2,092,016	235,135	2,327,151
Production services	900,440	-	900,440	1,640,586	-	1,640,586
Other revenue	161,747	32,979	194,726	229,830	32,000	261,830
Investment income	118,040	6,306	124,346	46,128	23,035	69,163
Realized and unrealized losses on investments	(17,527)	(38,374)	(55,901)	(4,788)	(11,082)	(15,870)
Transfer from TV	-	159,995	159,995	-	-	-
Net assets released from restriction	60,395	38,069	98,464	196,003	22,108	218,111
Total revenues, gains, and other support	9,186,604	1,383,159	10,569,763	10,504,592	1,477,563	11,982,155
Expenses and losses:						
Programming and production	4,722,262	665,168	5,387,430	5,071,189	768,943	5,840,132
Broadcasting	1,044,086	287,479	1,331,565	1,008,088	202,845	1,210,933
Program information and promotion	520,756	3,924	524,680	556,324	2,092	558,416
Management and general	2,115,117	269,063	2,384,180	2,547,865	409,883	2,957,748
Fundraising and membership development	458,301	32,426	490,727	340,330	34,451	374,781
Underwriting and grant solicitation	408,387	165,090	573,477	417,869	167,567	585,436
Disposals of equipment	1,364	-	1,364	29,870	263	30,133
Transfer to FM	159,995	-	159,995	-	-	-
Total expenses and losses	9,430,268	1,423,150	10,853,418	9,971,535	1,586,044	11,557,579
(Decrease) increase in net assets without donor restrictions	(243,664)	(39,991)	(283,655)	533,057	(108,481)	424,576
Changes in net assets with donor restrictions:						
Revenues, gains, and other support:						
Contributions	105,307	26,922	132,229	23,821	24,274	48,095
Investment income	47,835	18,915	66,750	-	-	-
Realized and unrealized losses on investments	(201,722)	(60,717)	(262,439)	(89,654)	(75,570)	(165,224)
Actuarial adjustment of annuities payable	5,919	(2,385)	3,534	41,924	(2,376)	39,548
Net assets released from restriction	(60,395)	(38,069)	(98,464)	(196,003)	(22,108)	(218,111)
Total revenues, gains, and other support	(103,056)	(55,334)	(158,390)	(219,912)	(75,780)	(295,692)
Decrease in net assets with donor restrictions	(103,056)	(55,334)	(158,390)	(219,912)	(75,780)	(295,692)
(Decrease) increase in net assets	(346,720)	(95,325)	(442,045)	313,145	(184,261)	128,884
Net assets at the beginning of the year	13,514,660	917,542	14,432,202	13,201,515	1,101,803	14,303,318
Net assets at the end of the year	\$ 13,167,940	\$ 822,217	\$ 13,990,157	\$ 13,514,660	\$ 917,542	\$ 14,432,202

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
SUPPLEMENTAL INFORMATION
SCHEDULES OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	JUNE 30, 2023			JUNE 30, 2022		
	TV	FM	TOTAL	TV	FM	TOTAL
Cash flows from operating activities:						
(Decrease) increase in net assets	\$ (346,720)	\$ (95,325)	\$ (442,045)	\$ 313,145	\$ (184,261)	\$ 128,884
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation expense	473,766	21,494	495,260	519,646	41,753	561,399
Noncash lease expense	-	330	330	-	515	515
Capital campaign contributions	(120)	-	(120)	(120)	-	(120)
Realized and unrealized losses on long-term investments	219,249	99,091	318,340	94,442	86,652	181,094
Disposals of equipment	1,364	-	1,364	29,870	263	30,133
Actuarial adjustment of annuities payable	(5,919)	2,385	(3,534)	(41,924)	2,376	(39,548)
Decrease (increase) in receivables	77,442	(2,388)	75,054	134,381	7,662	142,043
Decrease (increase) in prepaid expense	38,052	12,923	50,975	(32,018)	641	(31,377)
Decrease in deferred production costs	186	-	186	337	-	337
(Decrease) increase in accounts payable and accrued expenses	(99,705)	(25,763)	(125,468)	8,984	(13,864)	(4,880)
(Decrease) increase in deferred revenue	(259,559)	-	(259,559)	67,041	(56,203)	10,838
Increase in amount due to The Pennsylvania State University	-	7,225	7,225	-	117,465	117,465
Net cash provided by operating activities	98,036	19,972	118,008	1,093,784	2,999	1,096,783
Cash flows from investing activities:						
Purchase of property and equipment	(84,882)	(16,712)	(101,594)	(141,880)	1	(141,879)
Purchase of investments	(127,786)	(3,260)	(131,046)	(2,180,415)	(3,000)	(2,183,415)
Proceeds from sale of investments	1,065	3,400	4,465	169,890	3,400	173,290
Net cash (used in) provided by investing activities	(211,603)	(16,572)	(228,175)	(2,152,405)	401	(2,152,004)
Cash flows from financing activities:						
Capital campaign contributions	120	-	120	120	-	120
Payments of annuity obligations	(1,065)	(3,400)	(4,465)	(9,886)	(3,400)	(13,286)
Net cash used in financing activities	(945)	(3,400)	(4,345)	(9,766)	(3,400)	(13,166)
Net decrease in cash and cash equivalents	(114,512)	-	(114,512)	(1,068,387)	-	(1,068,387)
Cash and cash equivalents at the beginning of the year	6,109,214	-	6,109,214	7,177,601	-	7,177,601
Cash and cash equivalents at the end of the year	\$ 5,994,702	\$ -	\$ 5,994,702	\$ 6,109,214	\$ -	\$ 6,109,214