

**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, 2022 AND 2021

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

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 22
SUPPLEMENTARY INFORMATION	23
Schedules of Financial Position - WPSU-TV and WPSU-FM	24
Schedules of Activities - WPSU-TV and WPSU-FM	25
Schedules of Cash Flows - WPSU-TV and WPSU-FM	26

Independent Auditors' Report

Board of Directors of PSU and Board of Representatives of
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 Telecommunications Stations (operated by The Pennsylvania State University) (the Stations), which comprise the statement of financial position as of June 30, 2022, 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, 2022, and the changes in its net assets and its 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 Auditors' 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 other 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.

Other Matter

The financial statements of the Stations for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on February 11, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 available to be issued.

Auditors' 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 auditors' 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, Statements of Activities and Statements of Cash flows are presented for purposes 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.

Baker Tilly US, LLP

State College, Pennsylvania
January 13, 2023

WPSU-TV AND WPSU-FM
PUBLIC TELECOMMUNICATIONS STATIONS OPERATED BY
THE PENNSYLVANIA STATE UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents allocation from The Pennsylvania State University	\$ 6,109,214	\$ 7,177,601
Accounts receivable	162,241	283,342
Prepaid expense	197,459	155,066
Contributions receivable, net	<u>33,835</u>	<u>45,507</u>
Total current assets	<u>6,502,749</u>	<u>7,661,516</u>
Noncurrent assets:		
Deferred production costs	1,462	1,799
Contributions receivable, net	-	9,270
Prepaid expense	10,100	21,116
Property and equipment, net	4,903,748	5,353,401
Beneficial interest in perpetual trust	194,062	175,744
Investment allocation from The Pennsylvania State University	4,164,599	2,353,886
Operating lease right-of-use assets	<u>106,884</u>	<u>118,652</u>
Total noncurrent assets	<u>9,380,855</u>	<u>8,033,868</u>
Total assets	<u>\$ 15,883,604</u>	<u>\$ 15,695,384</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 485,538	\$ 490,418
Due to The Pennsylvania State University	186,436	68,971
Deferred revenue	156,948	629,224
Operating lease liabilities	<u>42,507</u>	<u>38,040</u>
Total current liabilities	<u>871,429</u>	<u>1,226,653</u>
Noncurrent liabilities:		
Deferred revenue	483,114	-
Present value of annuities payable	33,410	86,244
Operating lease liabilities	<u>63,449</u>	<u>79,169</u>
Total noncurrent liabilities	<u>579,973</u>	<u>165,413</u>
Total liabilities	<u>1,451,402</u>	<u>1,392,066</u>
Net assets:		
Without donor restrictions	12,205,126	11,780,550
With donor restrictions	<u>2,227,076</u>	<u>2,522,768</u>
Total net assets	<u>14,432,202</u>	<u>14,303,318</u>
Total liabilities and net assets	<u>\$ 15,883,604</u>	<u>\$ 15,695,384</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, 2022 AND 2021

	2022	2021
Changes in net assets without donor restrictions:		
Revenues, gains, and other support:		
Contributions	\$ 5,911,260	\$ 6,989,521
Contributions of nonfinancial assets	373,510	362,199
Contributed services from The Pennsylvania State University	1,196,414	831,670
Grants	2,327,151	2,502,693
Production services	1,640,586	1,436,017
Other revenue	261,830	142,815
Investment income	69,163	61,108
Realized and unrealized (losses) gains on investments	(15,870)	65,085
Net assets released from restriction	218,111	852,930
Total revenues, gains, and other support	11,982,155	13,244,038
Expenses and losses:		
Programming and production	5,840,132	5,885,600
Broadcasting	1,210,933	1,226,874
Program information and promotion	558,416	523,231
Management and general	2,957,748	2,437,922
Fundraising and membership development	374,781	375,450
Underwriting and grant solicitation	585,436	561,092
Disposals of equipment	30,133	101,420
Total expenses and losses	11,557,579	11,111,589
Increase in net assets without donor restrictions	424,576	2,132,449
 Changes in net assets with donor restrictions:		
Revenues, gains, and other support:		
Contributions	48,095	121,893
Other revenue	-	57,674
Realized and unrealized (losses) gains on investments	(165,224)	542,354
Actuarial adjustment of annuities payable	39,548	(16,645)
Net assets released from restriction	(218,111)	(852,930)
Total revenues, gains, and other support	(295,692)	(147,654)
Decrease in net assets with donor restrictions	(295,692)	(147,654)
 Increase in net assets	128,884	1,984,795
Net assets at the beginning of the year	14,303,318	12,318,523
Net assets at the end of the year	\$ 14,432,202	\$ 14,303,318

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 128,884	\$ 1,984,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	561,399	510,027
Noncash lease expense	515	(1,443)
Capital campaign contributions	(120)	(110)
Realized and unrealized losses (gains) on long-term investments	181,094	(607,439)
Disposals of equipment	30,133	101,420
Actuarial adjustment of annuities payable	(39,548)	16,645
Decrease in receivables	142,043	152,817
Increase in prepaid expense	(31,377)	(5,487)
Decrease in deferred production costs	337	1,266
Decrease in accounts payable and accrued expenses	(4,880)	(33,912)
Increase in deferred revenue	10,838	409,655
Increase (decrease) in amount due to The Pennsylvania State University	117,465	(39,076)
Net cash provided by operating activities	<u>1,096,783</u>	<u>2,489,158</u>
Cash flows from investing activities:		
Purchase of property and equipment	(141,879)	(818,487)
Purchase of investments	(2,183,415)	(210,687)
Proceeds from sale of investments	173,290	-
Net cash used in investing activities	<u>(2,152,004)</u>	<u>(1,029,174)</u>
Cash flows from financing activities:		
Capital campaign contributions	120	110
Payments of annuity obligations	(13,286)	(14,762)
Net cash used in financing activities	<u>(13,166)</u>	<u>(14,652)</u>
Net (decrease) increase in cash and cash equivalents	(1,068,387)	1,445,332
Cash and cash equivalents at the beginning of the year	<u>7,177,601</u>	<u>5,732,269</u>
Cash and cash equivalents at the end of the year	<u>\$ 6,109,214</u>	<u>\$ 7,177,601</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, 2022 and 2021

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, 2022 and 2021. 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, 2022 and 2021, revenue recognized from exchange transactions was \$1,640,586 and \$1,436,017 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, 2022 and 2021, reimbursements related to expenditures incurred on production services contracts of \$16,786 and \$72,032, 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. Advance funding of \$0 and \$4,813 related to production services contracts are included in deferred revenue at June 30, 2022 and 2021, respectively. Receipts of \$4,813, included in deferred revenue at June 30, 2021, were recognized during the year ended June 30, 2022. Receipts of \$4,457, included in deferred revenue at June 30, 2020, were recognized during the year ended June 30, 2021. 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 – that is, 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. The investments represent the Stations' endowments, charitable gift annuities and charitable remainder trusts funds. 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, based upon the original cost of the Stations' investments as a percentage of the original cost of total investments of the University. The 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 \$194,062 and \$175,744 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021:

	<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>
	<u>2021</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Net assets without donor restrictions:				
Undesignated		\$ 6,377,324	\$ (108,154)	\$ 6,269,170
Funds functioning as endowments		44,202	113,777	157,979
Net investment in property and equipment		<u>5,037,497</u>	<u>315,904</u>	<u>5,353,401</u>
Total net assets without donor restrictions		<u>11,459,023</u>	<u>321,527</u>	<u>11,780,550</u>
Net assets with donor restrictions:				
Endowment funds		1,248,753	605,320	1,854,073
Future contributions		32,669	22,108	54,777
Perpetual trust		87,872	87,872	175,744
Charitable gift annuities and charitable remainder trust		190,615	64,976	255,591
Contributions for property and equipment		<u>182,583</u>	<u>-</u>	<u>182,583</u>
Total net assets with donor restrictions		<u>1,742,492</u>	<u>780,276</u>	<u>2,522,768</u>
Total net assets		<u>\$ 13,201,515</u>	<u>\$ 1,101,803</u>	<u>\$ 14,303,318</u>

Purchased Programming

Unamortized programming and production costs are compared with the estimated net realizable value on an individual program or production basis and write-downs are recorded when indicated. Revenue forecasts for programs and productions are continually reviewed by management and revised when warranted by changing conditions. If estimated future gross revenues from a program or production are not sufficient to recover the unamortized costs, the unamortized costs are written down to net realizable value. Write-offs of unamortized costs were \$0 for WPSU-TV for the years ended June 30, 2022 and 2021.

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 comparisons to Indicative Composite Observable Reported Execution (CORE) Yields for various maturities. The CORE is a yield curve that represents an aggregation of daily trade data reported to the Municipal Securities Rulemaking Board. It is a simple average yield of fixed-rate, non-Alternative Minimum Tax, tax-exempt, coupon-bearing municipal bond trades. 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 January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815); Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.* This update clarifies the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. This update is effective for the Stations' beginning July 1, 2022 with early adoption permitted. The Stations' are currently evaluating the impact this guidance may have on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities; Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, not-for-profit entities are required to disclose additional qualitative and quantitative information related to nonfinancial assets. This update was effective for the Stations beginning July 1, 2021 on a retrospective basis. Although the adoption of this guidance did not have a material impact on the financial statements, enhanced disclosures related to contributed nonfinancial assets have been included in Note 12.

Coronavirus Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a pandemic. The outbreak of the disease has affected travel, commerce and financial markets globally, including in the United States. The continued spread of COVID-19 and its impact on social interaction, travel, economies and financial markets may adversely affect operations and financial condition, including, among other things, (i) the ability of the Stations to conduct its operations and/or the cost of operations, (ii) governmental and non-governmental funding, and (iii) financial markets impacting investments valuation and interest rates.

The federal government has taken several actions to provide financial assistance during this pandemic. The Stations have received, and may continue to receive, 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), PA Learning at Home funding or any other governmental assistance program which will be beneficial in addressing the impact of the novel coronavirus pandemic on the Station’s results of operations and financial position. As of June 30, 2022, 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 \$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. During the fiscal year ending June 30, 2021, the stations recognized revenue of \$876,051 (\$726,051 - WPSU-TV and \$150,000 - WPSU-FM) and recorded a receivable and deferred revenue of \$204,482 (WPSU-TV) and \$624,411 (\$568,208 - WPSU-TV and \$56,203 - WPSU-FM), respectively, 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, 2022 and 2021:

	<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>
	<u>2021</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
In one year or less		\$ 27,671	\$ 22,710	\$ 50,381
More than five years		20,000	-	20,000
Contributions receivable, gross		47,671	22,710	70,381
Less allowance		(4,272)	(602)	(4,874)
Less discount		(10,730)	-	(10,730)
Contributions receivable, net		<u>\$ 32,669</u>	<u>\$ 22,108</u>	<u>\$ 54,777</u>

The Stations have received bequest intentions of \$5,637,047 (\$4,100,000 - 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, 2022 and 2021, 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, 2022 and 2021:

	<u>2022</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Building	\$ 10,871,172	\$ 712,879		\$ 11,584,051
Equipment	6,388,197	652,885		7,041,082
Total	<u>17,259,369</u>	<u>1,365,764</u>		<u>18,625,133</u>
Less accumulated depreciation	<u>(12,629,508)</u>	<u>(1,091,877)</u>		<u>(13,721,385)</u>
Total building and equipment, net	<u>\$ 4,629,861</u>	<u>\$ 273,887</u>		<u>\$ 4,903,748</u>

	<u>2021</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Building	\$ 9,918,031	\$ 712,879		\$ 10,630,910
Equipment	6,989,733	658,148		7,647,881
Assets under construction	<u>818,487</u>	<u>-</u>		<u>818,487</u>
Total	<u>17,726,251</u>	<u>1,371,027</u>		<u>19,097,278</u>
Less accumulated depreciation	<u>(12,688,754)</u>	<u>(1,055,123)</u>		<u>(13,743,877)</u>
Total building and equipment, net	<u>\$ 5,037,497</u>	<u>\$ 315,904</u>		<u>\$ 5,353,401</u>

Depreciation expense was \$561,399 (\$519,646 - WPSU-TV and \$41,753 - WPSU-FM) and \$510,027 (\$470,499 - WPSU-TV and \$39,528 - WPSU-FM) for the years ended June 30, 2022 and 2021, 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 \$1,148,000 (\$1,098,000 – WPSU-TV and \$50,000 – WPSU-FM) and \$1,429,000 (\$1,387,000 – WPSU-TV and \$42,000 – WPSU-FM) for the fiscal years ended June 30, 2022 and 2021, respectively. Total receivables related to such production services, included in accounts receivable are approximately \$11,000 and \$47,000 for WPSU-TV at June 30, 2022 and 2021, 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 \$186,436 and \$68,971 as of June 30, 2022 and 2021, respectively.

Included in WPSU-TV contributions revenue are financial contributions from the University of approximately \$4,099,000 and \$4,099,000 for the years ended June 30, 2022 and 2021, respectively, for operating needs. Included in the contributed services discussed in Note 12, the University contributed approximately \$1,196,000 (\$1,016,000 – WPSU-TV and \$180,000 - WPSU-FM) and \$832,000 (\$698,000 – WPSU-TV and \$134,000 - WPSU-FM) of services and indirect support for the years ended June 30, 2022 and 2021, 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, 2022 and 2021.

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, 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
Total investment in plant, net	4,629,861	273,887	4,903,748
Beneficial interest in perpetual trusts	97,031	97,031	194,062
Deferred production costs	1,462	-	1,462
Operating lease right-of-use assets	<u>-</u>	<u>106,884</u>	<u>106,884</u>
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	<u>12,561</u>	<u>21,274</u>	<u>33,835</u>
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>

As of June 30, 2021:

	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Total assets	\$ 14,246,893	\$ 1,448,491	\$ 15,695,384
Less:			
Prepaid expenses	88,281	87,901	176,182
Total investment in plant, net	5,037,497	315,904	5,353,401
Beneficial interest in perpetual trusts	87,872	87,872	175,744
Deferred production costs	1,799	-	1,799
Operating lease right-of-use assets	<u>-</u>	<u>118,652</u>	<u>118,652</u>
Total financial assets	9,031,444	838,162	9,869,606
Less:			
Noncurrent investments	1,544,660	809,226	2,353,886
Receivables subject to donor-imposed restrictions	<u>32,669</u>	<u>22,108</u>	<u>54,777</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,454,115</u>	<u>\$ 6,828</u>	<u>\$ 7,460,943</u>

7. INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
Fixed income	\$ 590,046	\$ 293,838
Equity investments	2,186,383	1,061,304
Real assets	359,968	93,432
Opportunistic	<u>315,187</u>	<u>96,086</u>
Total	<u>\$ 3,451,584</u>	<u>\$ 1,544,660</u>

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

	<u>2022</u>	<u>2021</u>
Fixed income	\$ 129,877	\$ 148,809
Equity investments	454,031	555,049
Real assets	68,861	51,928
Opportunistic	<u>60,246</u>	<u>53,440</u>
Total	<u>\$ 713,015</u>	<u>\$ 809,226</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.

The following schedules summarize the investment return and its classification in the statements of activities for WPSU-TV for the years ended June 30:

<u>2022</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Investment income	\$ 46,128	\$ -	\$ 46,128
Net realized gains	1,614	75,961	77,575
Net unrealized losses	<u>(6,402)</u>	<u>(165,615)</u>	<u>(172,017)</u>
Total returns	<u>\$ 41,340</u>	<u>\$ (89,654)</u>	<u>\$ (48,314)</u>

<u>2021</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Investment income	\$ 41,336	\$ -	\$ 81,851
Net realized gains	2,810	78,852	41,147
Net unrealized losses	<u>14,997</u>	<u>328,845</u>	<u>343,842</u>
Total returns	<u>\$ 59,143</u>	<u>\$ 407,697</u>	<u>\$ 466,840</u>

The following schedules summarize the investment return and its classification in the statements of activities for WPSU-FM for the years ended June 30:

<u>2022</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Investment income	\$ 23,035	\$ -	\$ 23,035
Net realized gains	5,399	19,972	25,371
Net unrealized losses	<u>(16,481)</u>	<u>(95,542)</u>	<u>(112,023)</u>
Total returns	<u>\$ 11,953</u>	<u>\$ (75,570)</u>	<u>\$ (63,617)</u>

<u>2021</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Investment income	\$ 19,772	\$ -	\$ 19,772
Net realized gains	7,740	32,208	39,948
Net unrealized losses	<u>39,538</u>	<u>160,123</u>	<u>199,661</u>
Total returns	<u>\$ 67,050</u>	<u>\$ 192,331</u>	<u>\$ 259,381</u>

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 effective spending rate was 5.25% at June 30, 2022 and June 30, 2021, respectively.

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, 2022 and 2021:

<u>2022</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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>

<u>2021</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,248,753	\$ 1,248,753
Funds functioning as endowments	44,202	-	44,202
Total net assets	<u>\$ 44,202</u>	<u>\$ 1,248,753</u>	<u>\$ 1,292,955</u>

Changes in WPSU-TV endowment net assets for the years ended June 30, 2022 and 2021:

<u>2022</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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>

<u>2021</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 1,395	\$ 889,902	\$ 891,297
Endowment earnings	50,098	308,576	358,674
Endowment spending	(32,291)	-	(32,291)
Contributions	25,000	50,275	75,275
Endowment net assets, end of the year	<u>\$ 44,202</u>	<u>\$ 1,248,753</u>	<u>\$ 1,292,955</u>

WPSU-FM endowment net asset composition by type of fund as of June 30, 2022 and 2021:

	<u>2022</u>	Without donor restrictions	With donor restrictions	Total
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>

	<u>2021</u>	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds		\$ -	\$ 605,319	\$ 605,319
Funds functioning as endowments		113,778	-	113,778
Total net assets		<u>\$ 113,778</u>	<u>\$ 605,319</u>	<u>\$ 719,097</u>

Changes in WPSU-FM endowment net assets for the years ended June 30, 2022 and 2021:

	<u>2022</u>	Without donor restrictions	With donor restrictions	Total
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>

	<u>2021</u>	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of the year		\$ -	\$ 433,769	\$ 433,769
Endowment earnings		62,656	145,550	208,206
Endowment spending		(15,378)	-	(15,378)
Contributions		66,500	26,000	92,500
Endowment net assets, end of the year		<u>\$ 113,778</u>	<u>\$ 605,319</u>	<u>\$ 719,097</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, 2022 and 2021, WPSU-TV funds with an original gift value of \$180,115 and \$0 were “underwater” by \$7,232 and \$0, 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, 2022.

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, 2022 and 2021:

<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>

<u>2021</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	\$ 35	\$ 116,991	\$ -	\$ -	\$ 117,026
Public funds	94,096	-	-	-	94,096
Private funds	-	-	-	82,716	82,716
Equity investments					
Public separate accounts	133,412	-	-	-	133,412
Private separate accounts	-	-	261	-	261
Public funds	197,323	-	-	-	197,323
Private funds	-	-	-	730,308	730,308
Real assets					
Public funds	17,300	-	-	-	17,300
Private funds	-	-	-	76,132	76,132
Opportunistic					
Private funds	-	-	-	96,086	96,086
Total	<u>\$ 442,166</u>	<u>\$ 116,991</u>	<u>\$ 261</u>	<u>\$ 985,242</u>	<u>\$ 1,544,660</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,872</u>	<u>\$ -</u>	<u>\$ 87,872</u>
<u>Liabilities:</u>					
Present value of annuities payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,091</u>	<u>\$ -</u>	<u>\$ 61,091</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, 2020	\$ -	\$ 74,582
Total realized and unrealized losses	-	13,290
Net transfers in	261	-
Balance as of June 30, 2021	261	87,872
Total realized and unrealized gains	596	9,159
Net transfers in	-	-
Balance as of June 30, 2022	<u>\$ 857</u>	<u>\$ 97,031</u>
<u>Liabilities:</u>		
	<u>Present Value of Annuities Payable</u>	
Balance as of June 30, 2020	\$ 58,179	
Actuarial adjustment of liability	14,274	
Sales	(11,362)	
Balance as of June 30, 2021	61,091	
Actuarial adjustment of liability	(41,924)	
Sales	(9,886)	
Balance as of June 30, 2022	<u>\$ 9,281</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, 2022 and 2021:

	Ending Value		Unfunded	Redemption	Redemption
	2022	2021	Commitments	Frequency	Notice Period
			At June 30, 2022		
Private Funds With Redemption Ability:					
Fixed income investments	\$ 85,987	\$ 58,879		Monthly	10 days
Equity investments	892,033	394,043		Daily/Quarterly	2-90 days
Real asset investments	133,590	27,277		Daily/Monthly	0-60 days
Opportunistic investments	<u>279,622</u>	<u>81,653</u>		Daily/Quarterly	90-365 days
Subtotal	<u>\$ 1,391,232</u>	<u>\$ 561,852</u>			
Private Funds Without Redemption Ability:					
Fixed income investments	\$ 99,696	\$ 23,837	\$ 53,081		
Equity investments	906,029	336,265	291,590		
Real asset investments	176,773	48,854	122,452		
Opportunistic investments	<u>35,565</u>	<u>14,434</u>	<u>29,222</u>		
Subtotal	<u>\$ 1,218,063</u>	<u>\$ 423,390</u>	<u>\$ 496,345</u>		
Total	<u>\$ 2,609,295</u>	<u>\$ 985,242</u>	<u>\$ 496,345</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, 2022 and 2021:

	2022	Level 1	Level 2	Level 3	NAV	Total
<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>	

<u>2021</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	\$ 19	\$ 64,716	\$ -	\$ -	\$ 64,735
Public funds	38,724	-	-	-	38,724
Private funds	-	-	-	45,350	45,350
Equity investments					
Public separate accounts	74,200	-	-	-	74,200
Private separate accounts	-	-	145	-	145
Public funds	74,993	-	-	-	74,993
Private funds	-	-	-	405,711	405,711
Real assets					
Public funds	9,622	-	-	-	9,622
Private funds	-	-	-	42,306	42,306
Opportunistic					
Private funds	-	-	-	53,440	53,440
Total	<u>\$ 197,558</u>	<u>\$ 64,716</u>	<u>\$ 145</u>	<u>\$ 546,807</u>	<u>\$ 809,226</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,872</u>	<u>\$ -</u>	<u>\$ 87,872</u>
<u>Liabilities:</u>					
Present value of annuities payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,153</u>	<u>\$ -</u>	<u>\$ 25,153</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, 2020	\$ -	\$ 74,582
Total realized and unrealized losses	-	13,290
Net transfers in	145	-
Balance as of June 30, 2021	145	87,872
Total realized and unrealized gains	19	9,159
Net transfers in	-	-
Balance as of June 30, 2022	<u>\$ 164</u>	<u>\$ 97,031</u>
<u>Liabilities:</u>		
	<u>Present Value of Annuities Payable</u>	
Balance as of June 30, 2020	\$ 26,181	
Actuarial adjustment of liability	2,372	
Sales	(3,400)	
Balance as of June 30, 2021	25,153	
Actuarial adjustment of liability	2,376	
Sales	(3,400)	
Balance as of June 30, 2022	<u>\$ 24,129</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, 2022 and 2021:

	Ending Value		Unfunded	Redemption	Redemption
	2022	2021	Commitments	Frequency	Notice Period
			At June 30, 2022		
Private Funds With Redemption Ability:					
Fixed income investments	\$ 18,590	\$ 32,093		Monthly	10 days
Equity investments	170,506	219,154		Daily/Quarterly	2-90 days
Real asset investments	25,535	15,171		Daily/Monthly	0-60 days
Opportunistic investments	53,447	45,412		Daily/Quarterly	90-365 days
Subtotal	<u>\$ 268,078</u>	<u>\$ 311,830</u>			
Private Funds Without Redemption Ability:					
Fixed income investments	\$ 19,056	\$ 13,257	\$ 10,146		
Equity investments	173,667	186,557	55,735		
Real asset investments	33,844	27,135	23,406		
Opportunistic investments	6,799	8,028	5,586		
Subtotal	<u>\$ 233,366</u>	<u>\$ 234,977</u>	<u>\$ 94,873</u>		
Total	<u>\$ 501,444</u>	<u>\$ 546,807</u>	<u>\$ 94,873</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, 2022 are as follows:

Year	Operating Leases
2023	\$ 44,538
2024	36,937
2025	12,632
2026	12,825
2027	<u>2,803</u>
Total lease payments	109,735
Less amount representing interest	<u>(3,779)</u>
Total lease obligations	105,956
Current portion	<u>42,507</u>
Long-term portion	<u>\$ 63,449</u>

Operating lease expense for the years ended June 30, 2022 and 2021 was \$43,924 and \$43,406, respectively.

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

	2022	2021
Weighted-average remaining lease term (years)	2.99	3.27
Weighted-average discount rate	2.50%	2.50%

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

	<u>2022</u>	<u>2021</u>
ROU assets acquired in exchange for operating lease liabilities	29,440	-
Beginning operating lease ROU asset balance	118,652	158,038
Beginning operating lease liability balance	117,209	158,038
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	43,408	44,203

11. FUNCTIONAL AND NATURAL CLASSIFICATION OF EXPENSES

Functional expenses by natural classification for WPSU-TV as of June 30, 2022 and 2021 are as follows:

<u>2022</u>	Programming and <u>Other Activities</u>	Management <u>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	<u>2,193,368</u>	<u>1,705,877</u>	<u>189,330</u>	<u>4,088,575</u>
Total	<u>\$ 6,665,471</u>	<u>\$ 2,547,865</u>	<u>\$ 758,199</u>	<u>\$ 9,971,535</u>

<u>2021</u>	Programming and <u>Other Activities</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 3,166,109	\$ 340,967	\$ 376,503	\$ 3,883,579
Benefits	1,063,965	117,170	129,252	1,310,387
Depreciation	328,979	103,713	37,807	470,499
Supplies, services, and other	<u>2,142,419</u>	<u>1,518,868</u>	<u>214,921</u>	<u>3,876,208</u>
Total	<u>\$ 6,701,472</u>	<u>\$ 2,080,718</u>	<u>\$ 758,483</u>	<u>\$ 9,540,673</u>

Functional expenses by natural classification for WPSU-FM as of June 30, 2022 and 2021 are as follows:

<u>2022</u>	Programming and <u>Other Activities</u>	Management <u>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	<u>470,192</u>	<u>287,842</u>	<u>41,459</u>	<u>799,493</u>
Total	<u>\$ 974,143</u>	<u>\$ 409,883</u>	<u>\$ 202,018</u>	<u>\$ 1,586,044</u>

<u>2021</u>	Programming and <u>Other Activities</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 405,656	\$ 91,025	\$ 109,969	\$ 606,650
Benefits	129,183	31,749	38,047	198,979
Depreciation	26,060	8,988	4,480	39,528
Supplies, services, and other	<u>474,755</u>	<u>225,441</u>	<u>25,563</u>	<u>725,759</u>
Total	<u>\$ 1,035,654</u>	<u>\$ 357,203</u>	<u>\$ 178,059</u>	<u>\$ 1,570,916</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, 2022 and 2021 included the following:

	<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		<u>25,480</u>	-	<u>25,480</u>
Total nonfinancial contributions		<u>\$ 1,247,537</u>	<u>\$ 322,387</u>	<u>\$ 1,569,924</u>
	<u>2021</u>	<u>WPSU-TV</u>	<u>WPSU-FM</u>	<u>Total</u>
Services		\$ 856,189	\$ 239,531	\$ 1,095,719
Vehicles		4,947	47,596	52,543
Advertising		<u>45,396</u>	<u>210</u>	<u>45,606</u>
Total nonfinancial contributions		<u>\$ 906,532</u>	<u>\$ 287,337</u>	<u>\$ 1,193,869</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 13, 2023, 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, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	TV	FM	TOTAL	TV	FM	TOTAL
Current assets:						
Cash and cash equivalents allocation from The Pennsylvania State University	\$ 6,109,214	\$ -	\$ 6,109,214	\$ 7,177,601	\$ -	\$ 7,177,601
Accounts receivable	162,241	-	162,241	276,514	6,828	283,342
Prepaid expense	110,199	87,260	197,459	67,165	87,901	155,066
Contributions receivable, net	12,561	21,274	33,835	23,399	22,108	45,507
Total current assets	6,394,215	108,534	6,502,749	7,544,679	116,837	7,661,516
Noncurrent assets:						
Deferred production costs	1,462	-	1,462	1,799	-	1,799
Contributions receivable, net	-	-	-	9,270	-	9,270
Prepaid expense	10,100	-	10,100	21,116	-	21,116
Property and equipment, net	4,629,861	273,887	4,903,748	5,037,497	315,904	5,353,401
Beneficial interest in perpetual trust	97,031	97,031	194,062	87,872	87,872	175,744
Investment allocation from The Pennsylvania State University	3,451,584	713,015	4,164,599	1,544,660	809,226	2,353,886
Operating lease right-of-use assets	-	106,884	106,884	-	118,652	118,652
Total noncurrent assets	8,190,038	1,190,817	9,380,855	6,702,214	1,331,654	8,033,868
Total assets	\$ 14,584,253	\$ 1,299,351	\$ 15,883,604	\$ 14,246,893	\$ 1,448,491	\$ 15,695,384
Current liabilities:						
Accounts payable and accrued expenses	\$ 420,250	\$ 65,288	\$ 485,538	\$ 411,266	\$ 79,152	\$ 490,418
Due to The Pennsylvania State University	-	186,436	186,436	-	68,971	68,971
Deferred revenue	156,948	-	156,948	573,021	56,203	629,224
Operating lease liabilities	-	42,507	42,507	-	38,040	38,040
Total current liabilities	577,198	294,231	871,429	984,287	242,366	1,226,653
Noncurrent liabilities:						
Deferred revenue	483,114	-	483,114	-	-	-
Present value of annuities payable	9,281	24,129	33,410	61,091	25,153	86,244
Operating lease liabilities	-	63,449	63,449	-	79,169	79,169
Total noncurrent liabilities	492,395	87,578	579,973	61,091	104,322	165,413
Total liabilities	1,069,593	381,809	1,451,402	1,045,378	346,688	1,392,066
Net assets:						
Without donor restrictions	11,992,080	213,046	12,205,126	11,459,023	321,527	11,780,550
With donor restrictions	1,522,580	704,496	2,227,076	1,742,492	780,276	2,522,768
Total net assets	13,514,660	917,542	14,432,202	13,201,515	1,101,803	14,303,318
Total liabilities and net assets	\$ 14,584,253	\$ 1,299,351	\$ 15,883,604	\$ 14,246,893	\$ 1,448,491	\$ 15,695,384

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, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	TV	FM	TOTAL	TV	FM	TOTAL
Changes in net assets without donor restrictions:						
Revenues, gains, and other support:						
Contributions	\$ 5,057,280	\$ 853,980	\$ 5,911,260	\$ 6,200,962	\$ 788,559	\$ 6,989,521
Contributions of nonfinancial assets	231,230	142,280	373,510	208,773	153,426	362,199
Contributed services from The Pennsylvania State University	1,016,307	180,107	1,196,414	697,759	133,911	831,670
Grants	2,092,016	235,135	2,327,151	2,189,157	313,536	2,502,693
Production services	1,640,586	-	1,640,586	1,436,017	-	1,436,017
Other revenue	229,830	32,000	261,830	107,331	35,484	142,815
Investment income	46,128	23,035	69,163	41,336	19,772	61,108
Realized and unrealized (losses) gains on investments	(4,788)	(11,082)	(15,870)	17,807	47,278	65,085
Net assets released from restriction	196,003	22,108	218,111	834,481	18,449	852,930
Total revenues, gains, and other support	10,504,592	1,477,563	11,982,155	11,733,623	1,510,415	13,244,038
Expenses and losses:						
Programming and production	5,071,189	768,943	5,840,132	5,129,614	755,986	5,885,600
Broadcasting	1,008,088	202,845	1,210,933	947,207	279,667	1,226,874
Program information and promotion	556,324	2,092	558,416	523,231	-	523,231
Management and general	2,547,865	409,883	2,957,748	2,080,718	357,204	2,437,922
Fundraising and membership development	340,330	34,451	374,781	349,617	25,833	375,450
Underwriting and grant solicitation	417,869	167,567	585,436	408,866	152,226	561,092
Disposals of equipment	29,870	263	30,133	101,420	-	101,420
Total expenses and losses	9,971,535	1,586,044	11,557,579	9,540,673	1,570,916	11,111,589
Increase (decrease) in net assets without donor restrictions	533,057	(108,481)	424,576	2,192,950	(60,501)	2,132,449
Changes in net assets with donor restrictions:						
Revenues, gains, and other support:						
Contributions	23,821	24,274	48,095	73,785	48,108	121,893
Other revenue	-	-	-	40,515	17,159	57,674
Realized and unrealized (losses) gains on investments	(89,654)	(75,570)	(165,224)	367,182	175,172	542,354
Actuarial adjustment of annuities payable	41,924	(2,376)	39,548	(14,274)	(2,371)	(16,645)
Net assets released from restriction	(196,003)	(22,108)	(218,111)	(834,481)	(18,449)	(852,930)
Total revenues, gains, and other support	(219,912)	(75,780)	(295,692)	(367,273)	219,619	(147,654)
(Decrease) increase in net assets with donor restrictions	(219,912)	(75,780)	(295,692)	(367,273)	219,619	(147,654)
Increase (decrease) in net assets	313,145	(184,261)	128,884	1,825,677	159,118	1,984,795
Net assets at the beginning of the year	13,201,515	1,101,803	14,303,318	11,375,838	942,685	12,318,523
Net assets at the end of the year	\$ 13,514,660	\$ 917,542	\$ 14,432,202	\$ 13,201,515	\$ 1,101,803	\$ 14,303,318

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, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	TV	FM	TOTAL	TV	FM	TOTAL
Cash flows from operating activities:						
Increase (decrease) in net assets	\$ 313,145	\$ (184,261)	\$ 128,884	\$ 1,825,677	\$ 159,118	\$ 1,984,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation expense	519,646	41,753	561,399	470,499	39,528	510,027
Noncash lease expense	-	515	515	-	(1,443)	(1,443)
Capital campaign contributions	(120)	-	(120)	(110)	-	(110)
Realized and unrealized losses (gains) on long-term investments	94,442	86,652	181,094	(384,989)	(222,450)	(607,439)
Disposals of equipment	29,870	263	30,133	101,420	-	101,420
Actuarial adjustment of annuities payable	(41,924)	2,376	(39,548)	14,274	2,371	16,645
Decrease in receivables	134,381	7,662	142,043	26,555	126,262	152,817
(Increase) decrease in prepaid expense	(32,018)	641	(31,377)	5,675	(11,162)	(5,487)
Decrease in deferred production costs	337	-	337	1,266	-	1,266
Increase (decrease) in accounts payable and accrued expenses	8,984	(13,864)	(4,880)	(34,760)	848	(33,912)
Increase (decrease) in deferred revenue	67,041	(56,203)	10,838	353,992	55,663	409,655
Increase (decrease) in amount due to The Pennsylvania State University	-	117,465	117,465	-	(39,076)	(39,076)
Net cash provided by operating activities	<u>1,093,784</u>	<u>2,999</u>	<u>1,096,783</u>	<u>2,379,499</u>	<u>109,659</u>	<u>2,489,158</u>
Cash flows from investing activities:						
Purchase of property and equipment	(141,880)	1	(141,879)	(818,487)	-	(818,487)
Purchase of investments	(2,180,415)	(3,000)	(2,183,415)	(104,428)	(106,259)	(210,687)
Proceeds from sale of investments	169,890	3,400	173,290	-	-	-
Net cash (used in) provided by investing activities	<u>(2,152,405)</u>	<u>401</u>	<u>(2,152,004)</u>	<u>(922,915)</u>	<u>(106,259)</u>	<u>(1,029,174)</u>
Cash flows from financing activities:						
Capital campaign contributions	120	-	120	110	-	110
Payments of annuity obligations	(9,886)	(3,400)	(13,286)	(11,362)	(3,400)	(14,762)
Net cash used in financing activities	<u>(9,766)</u>	<u>(3,400)</u>	<u>(13,166)</u>	<u>(11,252)</u>	<u>(3,400)</u>	<u>(14,652)</u>
Net (decrease) increase in cash and cash equivalents	(1,068,387)	(0)	(1,068,387)	1,445,332	-	1,445,332
Cash and cash equivalents at the beginning of the year	7,177,601	-	7,177,601	5,732,269	-	5,732,269
Cash and cash equivalents at the end of the year	<u>\$ 6,109,214</u>	<u>\$ (0)</u>	<u>\$ 6,109,214</u>	<u>\$ 7,177,601</u>	<u>\$ -</u>	<u>\$ 7,177,601</u>