

WQED MULTIMEDIA AND SUBSIDIARY
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
and Independent Auditor's Report Thereon



SCHNEIDER DOWNS

Big Thinking. Personal Focus.

www.schneiderdowns.com

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position, September 30, 2024 and 2023	3
Activities	4
Functional Expenses	6
Cash Flows	10
Notes to Consolidated Financial Statements	11

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
WQED Multimedia and Subsidiary
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of WQED Multimedia and Subsidiary (WQED), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WQED as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 U.S. 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 consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 WQED's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WQED's ability to continue as a going concern for a reasonable period of time.

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

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 13, 2025

WQED MULTIMEDIA AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>September 30</u>	
	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 294,026	\$ 684,884
Accounts receivable, net	445,574	435,502
Grants receivable	2,395,411	2,464,200
Prepaid expenses	289,736	294,416
Investments	19,726,025	17,430,558
Property and equipment, net	3,493,980	3,855,495
Operating lease right-of-use assets	98,146	161,963
	<u> </u>	<u> </u>
Total Assets	<u>\$ 26,742,898</u>	<u>\$ 25,327,018</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,495,112	\$ 1,432,365
Accrued liabilities	391,291	519,077
Deferred revenue	12,957	74,065
Operating lease obligations	98,146	161,963
	<u> </u>	<u> </u>
Total Current Liabilities	1,997,506	2,187,470
NET ASSETS		
Without donor restrictions	12,876,499	12,434,711
With donor restrictions	11,868,893	10,704,837
	<u> </u>	<u> </u>
Total Net Assets	<u>24,745,392</u>	<u>23,139,548</u>
	<u> </u>	<u> </u>
Total Liabilities And Net Assets	<u>\$ 26,742,898</u>	<u>\$ 25,327,018</u>

See notes to the consolidated financial statements.

WQED MULTIMEDIA AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
OPERATING REVENUES AND SUPPORT			
Contributed income:			
Membership	\$ 5,825,904	-	\$ 5,825,904
Government grants and contributions	33,566	\$ 2,924,062	2,957,627
Foundation grants and contributions	180,090	248,000	428,090
Corporate grants and contributions	77,532	40,000	117,532
In-kind donations	335,000	-	335,000
Other:			
Sales and underwriting	729,115	585,482	1,314,597
Distribution, royalties and ancillary services	1,253,821	-	1,253,821
Investment income	1,155,566	2,376,318	3,531,884
Other	152,049	-	152,049
	<u>9,742,642</u>	<u>6,173,862</u>	<u>15,916,504</u>
Net assets released from restrictions	5,009,806	(5,009,806)	-
	<u>14,752,448</u>	<u>1,164,056</u>	<u>15,916,504</u>
EXPENSES AND OTHER DEDUCTIONS			
Salaries and benefits	6,497,580	-	6,497,580
Program acquisition	1,955,609	-	1,955,609
Legal and consulting	1,825,681	-	1,825,681
Occupancy	894,247	-	894,247
Depreciation and amortization	660,816	-	660,816
Supplies	593,719	-	593,719
Equipment repair and maintenance	486,590	-	486,590
Production freelance and outside services	174,601	-	174,601
Service charges and miscellaneous	237,460	-	237,460
Advertising and promotion	161,865	-	161,865
Telephone	160,656	-	160,656
Travel and training	153,601	-	153,601
Accounting fees	140,129	-	140,129
PBS affiliation fees and other duties	135,295	-	135,295
Trade expenses	70,635	-	70,635
Printing and publication	56,656	-	56,656
Postage and shipping	55,949	-	55,949
Story, music and talent rights	49,571	-	49,571
	<u>14,310,660</u>	<u>-</u>	<u>14,310,660</u>
Changes In Net Assets	441,788	1,164,056	1,605,844
NET ASSETS			
Beginning of year	<u>12,434,711</u>	<u>10,704,837</u>	<u>23,139,548</u>
End of year	<u>\$ 12,876,499</u>	<u>\$ 11,868,893</u>	<u>\$ 24,745,392</u>

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 5,318,406	\$ 70,000	\$ 5,388,406
-	3,097,682	3,097,682
189,785	899,116	1,088,901
11,405	38,750	50,155
335,000	-	335,000
867,241	527,944	1,395,185
1,249,310	-	1,249,310
801,691	1,108,888	1,910,579
162,949	-	162,949
8,935,787	5,742,380	14,678,167
5,393,102	(5,393,102)	-
14,328,889	349,278	14,678,167
6,103,006	-	6,103,006
1,922,703	-	1,922,703
1,778,969	-	1,778,969
969,580	-	969,580
598,338	-	598,338
486,933	-	486,933
586,139	-	586,139
327,150	-	327,150
282,532	-	282,532
97,777	-	97,777
164,200	-	164,200
250,848	-	250,848
101,203	-	101,203
82,440	-	82,440
74,595	-	74,595
94,804	-	94,804
40,527	-	40,527
38,611	-	38,611
14,000,355	-	14,000,355
328,534	349,278	677,812
12,106,177	10,355,559	22,461,736
<u>\$ 12,434,711</u>	<u>\$ 10,704,837</u>	<u>\$ 23,139,548</u>

See notes to the consolidated financial statements.

WQED MULTIMEDIA AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Activities			Total Program Activities
	TV	FM	Education	
Salaries and benefits	\$ 2,503,812	\$ 800,237	\$ 1,340,814	\$ 4,644,863
Program acquisition	1,802,060	127,656	-	1,929,716
Legal and consulting	606,708	403,835	182,712	1,193,255
Occupancy	479,748	27,115	350	507,213
Depreciation and amortization	254,642	81,386	136,363	472,391
Equipment repair and maintenance	232,938	2,889	16,632	252,459
Advertising and promotion	46,031	7,697	81,004	134,732
Supplies	61,670	5,333	205,456	272,459
Service charges and miscellaneous	12,859	27,539	34,195	74,593
Production freelance and outside services	87,085	6,481	8,176	101,742
Telephone	14,664	14,238	4,500	33,402
Travel and training	27,840	4,786	55,478	88,104
Accounting fees	-	-	-	-
Postage and shipping	157	219	7,315	7,691
PBS affiliation fees and other duties	5,074	11,719	17,633	34,426
Trade expenses	16,085	54,550	-	70,635
Printing and publication	5,790	1,993	36,398	44,181
Story, music and talent rights	49,571	-	-	49,571
	<u>\$ 6,206,734</u>	<u>\$ 1,577,673</u>	<u>\$ 2,127,026</u>	<u>\$ 9,911,433</u>

Supporting Activities

General and Administrative	Fundraising Costs	Total Supporting Activities	Total 2024
\$ 1,068,684	\$ 784,033	\$ 1,852,717	\$ 6,497,580
-	25,893	25,893	1,955,609
437,145	195,281	632,426	1,825,681
384,634	2,400	387,034	894,247
108,687	79,738	188,425	660,816
214,538	19,593	234,131	486,590
10,462	16,671	27,133	161,865
10,517	310,743	321,260	593,719
19,447	143,420	162,867	237,460
12,460	60,399	72,859	174,601
30,292	96,962	127,254	160,656
38,077	27,420	65,497	153,601
140,129	-	140,129	140,129
12,106	36,152	48,258	55,949
60,455	40,414	100,869	135,295
-	-	-	70,635
10,591	1,884	12,475	56,656
-	-	-	49,571
<u>\$ 2,558,224</u>	<u>\$ 1,841,003</u>	<u>\$ 4,399,227</u>	<u>\$ 14,310,660</u>

See notes to the consolidated financial statements.

WQED MULTIMEDIA AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Activities			Total Program Activities
	TV	FM	Education	
Salaries and benefits	\$ 2,284,190	\$ 705,471	\$ 1,207,426	\$ 4,197,087
Program acquisition	1,758,642	130,914	7,254	1,896,810
Legal and consulting	809,556	500,431	249,846	1,559,833
Occupancy	493,575	24,759	-	518,334
Equipment repair and maintenance	259,515	6,974	54,731	321,220
Depreciation and amortization	212,890	67,754	115,962	396,606
Supplies	9,766	4,221	242,268	256,255
Service charges and miscellaneous	11,051	24,827	6,629	42,507
Production freelance and outside services	123,168	9,935	79,238	212,341
Travel and training	92,990	6,335	84,586	183,911
Telephone	20,860	17,654	5,618	44,132
Accounting fees	-	-	-	-
Advertising and promotion	38,292	8,236	34,024	80,552
Printing and publication	22,589	3,052	57,628	83,269
PBS affiliation fees and other duties	5,511	9,955	7,112	22,578
Trade expenses	7,970	60,825	-	68,795
Postage and shipping	2,115	340	10,907	13,362
Story, music and talent rights	37,263	-	-	37,263
	<u>\$ 6,189,943</u>	<u>\$ 1,581,683</u>	<u>\$ 2,163,229</u>	<u>\$ 9,934,855</u>

Supporting Activities

General and Administrative	Fundraising Costs	Total Supporting Activities	Total 2023
\$ 1,075,899	\$ 830,020	\$ 1,905,919	\$ 6,103,006
-	25,893	25,893	1,922,703
173,939	45,197	219,136	1,778,969
451,246	-	451,246	969,580
242,449	34,669	277,118	598,338
109,817	79,716	189,533	586,139
55,947	174,731	230,678	486,933
110,364	129,661	240,025	282,532
1,455	113,354	114,809	327,150
40,975	25,962	66,937	250,848
35,282	84,786	120,068	164,200
101,203	-	101,203	101,203
11,710	5,515	17,225	97,777
7,782	3,753	11,535	94,804
25,840	34,022	59,862	82,440
5,800	-	5,800	74,595
5,507	21,658	27,165	40,527
1,213	135	1,348	38,611
<u>\$ 2,456,428</u>	<u>\$ 1,609,072</u>	<u>\$ 4,065,500</u>	<u>\$ 14,000,355</u>

See notes to the consolidated financial statements.

WQED MULTIMEDIA AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,605,844	\$ 677,812
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	660,817	586,139
Net realized and unrealized gain on investments	(3,096,352)	(1,421,396)
Change in provision for uncollectible accounts	-	(10,000)
Reduction in operating lease right-of-use assets	68,980	67,423
Changes in assets and liabilities:		
Accounts receivable	(10,072)	155,390
Grants receivable	68,789	(370,879)
Prepaid expenses and other assets	4,680	(52,327)
Accounts payable	62,747	604,034
Accrued liabilities	(127,786)	(311,837)
Deferred revenue	(61,108)	(3,250)
Operating lease liabilities	(68,980)	(67,423)
Net Cash Used In Operating Activities	(892,441)	(146,314)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,203,813	467,139
Purchase of investments	(402,929)	(342,935)
Purchase of property and equipment	(299,301)	(528,097)
Net Cash Used In Investing Activities	501,583	(403,893)
Net Decrease In Cash And Cash Equivalents	(390,858)	(550,207)
CASH AND CASH EQUIVALENTS		
Beginning of year	684,884	1,235,091
End of year	\$ 294,026	\$ 684,884

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES

Operating lease right-of-use assets and liabilities of \$205,045 as of October 1, 2022 as a result of adoption of Topic 842 - Leases. (See Note 11.)

During the year ended September 30, 2023, WQED entered into a new operating lease agreement in which an operating lease right-of-use asset was obtained in exchange for a new operating lease liability of \$16,937.

See notes to the consolidated financial statements.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - ORGANIZATION

WQED Multimedia (WQED) is a nonprofit corporation whose purpose is to champion communities across southwestern Pennsylvania by telling stories and creating experiences that educate, entertain and inspire. WQED is the licensee and operator of three noncommercial broadcast stations: WQED-TV Pittsburgh, WQED-FM Pittsburgh and WQED-FM Johnstown. The consolidated financial statements include the accounts of WQED and its subsidiary (collectively, the Organization). All significant transactions and accounts between the consolidated entities have been eliminated.

WQED was incorporated on February 18, 1953 in the Commonwealth of Pennsylvania. In May 2002, WQED formed a subsidiary, WQED Productions, LLC. WQED is the sole member of the LLC. This entity shares the same common mission and shares common management with WQED.

WQED is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Under the provisions of the IRC and similar state provisions, the LLC is considered to be a disregarded entity and is not taxed. Under these provisions, WQED reflects its proportionate share of the income or loss on its federal filing. The LLC is not liable for income taxes, and its income is not taxable to WQED.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Accounting and Presentation - The consolidated financial statements of WQED have been prepared on the accrual basis of accounting and are presented in accordance with accounting pronouncements generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation - The consolidated financial statements include the accounts of WQED Multimedia and WQED Productions, LLC. All intercompany balances and transactions have been eliminated.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets - Net assets of WQED and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Board-Designated Net Assets Without Donor Restrictions - Net assets that have been designated by the board to provide support for activities that further WQED's mission.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed or legal stipulations that may or will be met either by actions of WQED and/or the passage of time, or those that are to be maintained in perpetuity by WQED. Generally, donors of these assets permit WQED to use all or part of the income earned on related investments for general or specific purposes.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and contributions received are recorded as net assets without donor restrictions and/or with donor restrictions support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released due to satisfaction of program restrictions. Conditional promises to give are recognized as income when the conditions are substantially met.

Grants and contributions related to program production and other development projects underwritten by foundations, corporations and others (which are non-licensing transactions) are initially recorded in net assets with donor restrictions.

WQED follows the provisions of Financial Accounting Standards Board (FASB) Codification topic Revenue from Contracts with Customers (Topic 606), the core principle of which is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. WQED revenue sources consist of the following:

Membership - Membership gifts are accounted for as received, as it has been determined that the majority of the value for membership represents a donation to WQED, and the value attributable to the gifts the member receives is minimal in relation to the total cost of the membership.

Sales and Underwriting - This includes underwriting advertising during WQED radio and television time slots. Substantially all revenue is recognized at a point in time when the advertisements and programming have completed the agreed-upon broadcast time slots.

Licensing Transactions - These types of transactions primarily include distribution, royalties and ancillary services. For licensing transactions, revenue and direct expenses are recognized at a point in time during completion of the project or identifiable components within the project. Deferred revenue includes revenue on uncompleted projects that has not been earned as of the consolidated statement of financial position date. Program expenses related to uncompleted projects are capitalized as assets.

In-Kind Donations - Donated materials and services that meet the recognition requirements under U.S. GAAP are reflected as contributions and are recognized at fair value when received.

WQED has a 99-year lease with a local university, which expires in February 2066, at a nominal fee of \$1 per year for the land and building where its studio and office facilities are located. The lease states that the land and facilities are to be used in the operation of a noncommercial, nonprofit, educational television station. The lease also states that the property must be surrendered in good condition and repair, and WQED must remove certain fixtures and equipment upon termination of the lease at its own expense, which, it is estimated, would be minimal. WQED accounts for the lease in contributed services based on the estimated annual rental income. These contributed services are recorded as in-kind donations and rent expense for the amount of \$335,000 in 2024 and 2023.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, WQED considers all investments purchased with maturities of three months or less to be cash equivalents. Carrying value approximates fair value for these investments. WQED maintains cash and cash equivalents that might exceed federally insured amounts at times.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. WQED evaluates each customer's ability to pay by assessing customer creditworthiness, historical experience and economic conditions through a reasonable forecast period. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses. WQED regularly evaluates the collectability of its accounts receivable and maintains reserves for expected credit losses. Management estimates that accounts receivable are fully collectible and, accordingly, there is no allowance recorded as of September 30, 2024 and 2023.

Grants Receivable - Grants receivable, primarily for net assets with donor restrictions, are recognized as revenues or gains in the period the grant is received. Grants receivable include assets and decreases of liabilities or expenses, depending on the form of the benefits received. WQED expects that substantially all of the grants will be collected within one year. As of September 30, 2024 and 2023, no allowance for uncollectible grants was considered to be necessary. Four and two donors accounted for approximately 97% and 85% of WQED's grants receivable at September 30, 2024 and 2023, respectively.

Investments - Investments are carried at their current fair value. Those investments received as gifts or donations are recorded at their fair value on the date received. Net appreciation or depreciation in the fair value of the investments is reflected in unrestricted revenue unless the use of the assets received is limited by donor imposed restrictions or law.

Investment income is recognized when earned. Realized gains and losses on the sale of securities are recognized using the specific identification method at the time of the sale or redemption.

WQED has investments in mutual funds and other investment securities that are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in value will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Property and Equipment - Property and equipment are stated at the lower of cost or fair value. Repairs, maintenance and minor replacements of existing facilities that are not considered to extend the useful lives of assets are included with expenditures as incurred. Provision for depreciation has been computed using the straight-line method based on estimated useful lives, which range from seven to 15 years. Contributions of donated assets are recorded at their fair values in the period received. Upon sale or retirement, the cost of assets and related allowances is removed from the accounts, and any resulting gains or losses are included in income (expense) for the year.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

WQED reviews the carrying amount of property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts might not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pretax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. There were no impairment losses recorded for the years ended September 30, 2024 and 2023.

Leases - Leases are recognized under Topic 842. WQED determines whether a contract contains a lease at contract inception and classifies it as either finance or operating. A contract contains a lease if there is an identified asset and WQED has the right to control the asset.

Operating lease right-of-use assets represent WQED's right to use an underlying asset for the lease term, and lease liabilities represent WQED's obligation to make lease payments arising from the lease. In the accompanying statements of activities, lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Topic 842 allows lessees an option to not recognize right-of-use assets and lease liabilities arising from short-term leases. A short-term lease is defined as a lease with an initial term of 12 months or less. WQED elected to not recognize short-term leases as right-of-use assets and lease liabilities on the accompanying consolidated statements of financial position. All short-term leases that are not included on WQED's accompanying consolidated statements of financial position are recognized within lease expense. Leases that have an initial term of 12 months or less with an option for renewal need to be assessed in order to determine if the lease qualifies for the short-term lease exception. If the option is reasonably certain to be exercised, the lease does not qualify as a short-term lease.

Operating lease right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. WQED's lease liabilities are recognized based on the present value of the remaining fixed-lease payments, over the lease term, using a discount rate. For the purpose of lease liability measurement, WQED considers only payments that are fixed and determinable at the time of commencement. WQED uses its incremental borrowing rate at the commencement date in determining the present value of the lease payments for all asset classes unless the implicit rate is readily determinable. WQED's lease terms may include options to extend or terminate the lease and are recognized when it is reasonably certain that WQED will exercise that option. WQED has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all classes of leased assets for which WQED is the lessee. For certain equipment leases, the portfolio approach is applied to account for the operating lease right-of-use assets and lease liabilities. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Compensated Absences - Employees are entitled to vacation time earned annually based on employment status and length of employment. All employees are required to use all vacation allocated during one calendar year no later than the following calendar year or otherwise lose it. WQED recognizes the expense and related liability when the vacation time is earned by the employees.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation - Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function, therefore these expenses require allocation on a reasonable basis that is consistently applied. These expenses that are allocated are allocated on a revenue basis and a percentage of payroll expenses.

Fair Value Measurements - WQED applies the Fair Value Measurement topic of the Accounting Standards Codification, which is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. The three levels of the fair value hierarchy are described as follows:

Level 1 - Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction as of the reporting date.

Level 3 - Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

WQED uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When inputs are available, WQED measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority. All of WQED's investments were valued using Level 1 measurements at September 30, 2024 and 2023.

Recently Adopted Accounting Pronouncements - In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326) (ASU 2016-13), the amendments of which replace the incurred loss impairment methodology under current U.S. GAAP with a methodology that reflects expected losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. WQED adopted ASU 2016-13 in the current year, which did not have a significant impact on the consolidated financial statements.

Subsequent Events - Subsequent events are defined as events or circumstances that occur after the consolidated statement of financial position date, but before the consolidated financial statements are issued or available to be issued. Management has evaluated subsequent events through March 13, 2025, which is the date that the consolidated financial statements were available to be issued.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 3 - LIQUIDITY

WQED regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. WQED has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments, accounts receivable and an endowment spending rate appropriation. (See Note 9 for information about WQED's endowment.) WQED also has a line of credit available to meet short-term needs. (See Note 6 for information on financing arrangements.)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WQED considers all expenditures related to its ongoing activities of WQED-TV, WQEJ-FM and education 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, WQED anticipates collecting sufficient contributions and revenue to cover general expenditures not covered by donor-restricted resources and proactively applying an endowment spending rate appropriation for the anticipated funds needed.

WQED has budgeted a \$590,874 and \$593,850 endowment spending appropriation for the years ended September 30, 2025 and 2024, respectively, which is approximately 7% of the three-year average investment values. WQED has the ability to request up to a 7% appropriation as needed. (See also Note 9.) WQED's governing board has designated a portion of its unrestricted resources for the endowment. These funds are invested for long-term appreciation and current income but remain available if necessary and may be spent at the discretion of the board. At September 30, 2024 and 2023, the amount of this board-designated endowment fund is \$6,679,970 and \$5,600,495, respectively. In the event the need arises to utilize the board-designated funds for liquidity purposes, reserves could be drawn upon through board resolution.

The table below presents financial assets available for general expenditures within one year ended at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 294,026	\$ 684,884
Accounts receivable, net	445,574	435,502
Operating investments	5,992,322	5,950,395
Endowment - budgeted spending rate appropriation	<u>590,874</u>	<u>593,850</u>
Total financial assets available within one year	\$ <u>7,322,796</u>	\$ <u>7,664,631</u>

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 4 - INVESTMENTS

The cost and related market value of WQED's investments at September 30 are summarized as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Money market	\$ 1,274,540	\$ 1,274,540	\$ 506,993	\$ 506,993
Equity:				
Exchange-traded funds	7,697,214	5,614,627	5,544,117	4,739,092
Common stock	1,314,609	964,956	1,533,897	1,364,151
Mutual funds	2,810,915	2,191,776	2,622,278	2,566,883
Fixed income:				
Corporate bonds	1,480,292	1,428,066	1,898,542	1,908,814
Government bonds	-	-	241,650	240,132
Mutual funds	5,148,455	5,364,200	5,083,081	5,630,297
	<u>\$ 19,726,025</u>	<u>\$ 16,838,165</u>	<u>\$ 17,430,558</u>	<u>\$ 16,956,362</u>

Investment income, net of investment fees, at September 30 is composed of the following:

	<u>2024</u>	<u>2023</u>
Realized income:		
Interest and dividends	\$ 435,532	\$ 489,183
Realized gain on sale of investments	999,809	132,898
	<u>1,435,341</u>	<u>622,081</u>
Unrealized appreciation	<u>2,096,543</u>	<u>1,288,498</u>
Net investment income	<u>\$ 3,531,884</u>	<u>\$ 1,910,579</u>

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Transmitter:		
Building	\$ 353,091	\$ 353,091
Tower	3,262,462	3,262,462
Studio building and improvements	13,272,395	13,242,741
Technical equipment	6,744,931	6,439,166
Office furniture and equipment	3,151,044	2,927,491
	<u>26,783,923</u>	<u>26,224,951</u>
Accumulated depreciation	<u>(23,318,284)</u>	<u>(22,657,466)</u>
	3,465,639	3,567,485
Construction-in-progress	28,041	287,710
Land	<u>300</u>	<u>300</u>
	\$ <u><u>3,493,980</u></u>	\$ <u><u>3,855,495</u></u>

WQED holds title to the transmitter building subject to the understanding that this facility, which was acquired by gift, is to be used only for educational broadcasting purposes or research related to education.

NOTE 6 - FINANCING ARRANGEMENTS

WQED has an agreement for a \$2,000,000 line of credit that remains in effect until March 1, 2026. At September 30, 2024 and 2023, no amounts were drawn on the line of credit, which bears interest at the Adjusted one-month term Secured Overnight Financing Rate, plus 1.0% (5.27% at September 30, 2024). The arrangement is collateralized by all eligible assets of WQED, including certain marketable securities, the value of which at all times must be equal or greater than 115% of all outstanding amounts under the agreements.

There was no interest expense incurred or paid for the years ended September 30, 2024 and 2023.

NOTE 7 - GOVERNMENTAL GRANT AND CONTRACTS

WQED receives a significant portion of its grant revenue from federal agencies. Any of the funding sources may, at their discretion, rescind funding due to budgetary reductions or request reimbursement for expenses or return of funds, or both, as a result of noncompliance by WQED with the terms of the grants.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with restrictions at September 30 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Program production and development	\$ 6,254,731	\$ 4,709,158
Education	263,164	485,681
Capital	84,750	250,000
FM radio	31,250	25,000
	<u>6,633,895</u>	<u>5,469,839</u>
Endowments:		
Subject to WQED's endowment spending policy and appropriation:		
Program Development Seed Fund	4,674,998	4,674,998
WQED-FM Endowment Fund	510,000	510,000
Bessie F. Anathan Scholarship Fund	50,000	50,000
	<u>5,234,998</u>	<u>5,234,998</u>
	<u>\$ 11,868,893</u>	<u>\$ 10,704,837</u>

Net assets released from restrictions, net of transfers, at September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Program production and development	\$ 3,640,537	\$ 4,077,943
Capital projects	250,000	-
Education	1,000,519	1,208,909
FM radio	118,750	106,250
	<u>\$ 5,009,806</u>	<u>\$ 5,393,102</u>

Net assets with donor restrictions in perpetuity are restricted to the original corpus of the gifts to the endowment fund. Income from these assets is expendable to support activities and included in net assets restricted by purpose.

NOTE 9 - ENDOWMENT

WQED's endowment consists of various investment funds established primarily for support of its mission. Its endowment includes donor-restricted endowment funds and board-designated quasi-endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by WQED to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 9 - ENDOWMENT (Continued)

Interpretation of Relevant Law - The board of trustees of WQED has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. Long-term preservation of the real value of the assets must be taken into consideration when the board of directors elects the amount. On an annual basis, the board of directors, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, WQED annually transfers between 4% and 7% of the previous 12 quarters' market value average of the permanently restricted endowment fund. This percentage is applied to a 12-quarter average market value of the investments at September 30 of the previous year. WQED classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. In accordance with Act 141, WQED has adopted a written investment policy, of which a section specifically relates to the endowment fund. Endowment fund net assets as of September 30, as well as the change in endowment funds by net asset type for the years ended September 30, are as follows:

	<u>Without Donor Restrictions Board- Designated</u>	<u>With Donor Restrictions Purpose Restrictions</u>	<u>With Donor Restrictions Perpetual in Nature</u>	<u>Total</u>
Endowment net assets				
September 30, 2022	\$ 4,941,923	\$ 287,215	\$ 5,234,998	\$ 10,464,136
Investment income, net of related expenses	60,630	141,814	-	202,444
Net appreciation	333,270	789,831	-	1,123,101
Appropriation of endowment funds	<u>264,672</u>	<u>(617,569)</u>	<u>-</u>	<u>(352,897)</u>
Endowment net assets				
September 30, 2023	5,600,495	601,291	5,234,998	11,436,784
Investment income, net of related expenses	82,404	174,301	-	256,705
Net appreciation	742,564	1,584,168	-	2,326,732
Appropriation of endowment funds	<u>254,507</u>	<u>(593,850)</u>	<u>-</u>	<u>(339,343)</u>
Endowment net assets				
September 30, 2024	<u>\$ 6,679,970</u>	<u>\$ 1,765,910</u>	<u>\$ 5,234,998</u>	<u>\$ 13,680,878</u>

WQED MULTIMEDIA AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 9 - ENDOWMENT (Continued)

Return Objectives and Risk Parameters - WQED has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity and fixed-income peer groups.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, WQED relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WQED targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Investment Committee of the board of trustees, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, WQED annually transfers between 4% and 7% of the previous 12 quarters' market value average of the permanently restricted endowment fund to unrestricted net assets for use in current and future operations. In 2024 and 2023, the spendable return totaled \$593,850 and \$617,569, respectively. This spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with WQED's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). WQED has interpreted Act 141 to permit spending from underwater endowments in accordance with prudent measures required under law. WQED had no underwater endowment funds at September 30, 2024 and 2023.

NOTE 10 - EMPLOYEE BENEFIT PLANS

WQED maintains a qualified salary deferral plan covering substantially all of its employees. Employees who participate may make elective contributions to the Plan, subject to IRS limitations. WQED contributes 5% of eligible compensation for non-bargaining employees and 5% of eligible compensation for bargaining employees. WQED contributed approximately \$167,000 and \$187,000 to the Plan in 2024 and 2023, respectively.

WQED MULTIMEDIA AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 11 - LEASES

WQED leases office equipment under noncancelable operating leases that expire throughout fiscal year 2028.

WQED recorded operating lease cost of \$63,545 and \$60,020 within the consolidated statements of activities for the years ended September 30, 2024 and 2023, respectively.

WQED paid cash for operating cash flows from operating leases of \$68,980 and \$67,423 for the years ended September 30, 2024 and 2023, respectively.

The aggregate annual maturities of operating lease obligations subsequent to September 30, 2024 are as follows:

Year Ending September 30	Amount
2025	\$ 68,980
2026	22,636
2027	8,461
2028	1,557
	101,634
Less - Amounts representing interest	3,488
Present value of future minimum lease payments	\$ 98,146

The weighted-average remaining lease term (in years) and discount rate were as follows for the years ended September 30:

	2024		2023	
Operating lease weighted-average remaining lease term	2.22		3.22	
Operating lease weighted-average discount rate	4.06	%	4.06	%

NOTE 12 - COMMITMENTS AND CONTINGENCIES

WQED has employees covered under collective bargaining agreements with the International Alliance of Theatrical Stage Employees Union. One of the agreements covers four full-time employees and expires on August 30, 2017. The other agreement covers part-time “on-call” employees and expires on April 18, 2027.