WITF, Inc. and Subsidiary

Consolidated Financial Statements and Supplementary Information

June 30, 2018 and 2017

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June 30, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors
WITF, Inc.
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of WITF, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WITF, Inc. and Subsidiary as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 44 to 54, as listed in the table of contents, is presented for purposes of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The accompanying supplementary information on page 55, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RKL LLP

October 16, 2018
Harrisburg, Pennsylvania

	June 30, 2018	June 30, 2017
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,409,286**	$ 1,265,910
Accounts receivable, net	**860,342**	584,773
Accounts receivable - Spectrum Auction	**-**	25,054,617
Grants receivable	**49,025**	28,625
Contracts receivable	**271,402**	296,376
Inventory and prepaid expenses	**171,785**	180,228
Broadcast rights	**29,923**	30,968
Promises to give, net	**232,064**	448,072
Investments	**7,877,122**	7,764,020
Deferred income taxes	**2,000**	5,000
Total Current Assets	**10,902,949**	35,658,589
Property and Equipment, Net	**15,954,373**	16,462,289
Other Assets		
Investments	**23,251,645**	641,847
Station license	**910,000**	910,000
Deferred income taxes	**839,000**	1,047,000
Promises to give, net	**94,424**	129,660
Interest in net assets of a community foundation	**72,402**	70,209
Total Other Assets	**25,167,471**	2,798,716
Total Assets	**$ 52,024,793**	$ 54,919,594

	June 30, 2018	June 30, 2017
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	**$ 680,056**	$ 705,350
Current portion of obligations under capital leases	**11,369**	9,156
Accounts payable	**435,807**	968,667
Accrued payroll and vacation	**261,504**	243,020
Accrued and withheld payroll taxes	**7,643**	9,130
Deferred revenue	**1,512,626**	1,441,674
Accrued interest payable	**59,872**	64,524
Broadcast rights	**5,689**	4,324
Total Current Liabilities	**2,974,566**	3,445,845
Other Liabilities		
Long-term debt	**13,332,195**	14,012,251
Accrued pension liability	**2,151,391**	2,630,880
Deferred revenue	**1,488,695**	1,938,588
Interest rate swap liability	**448,612**	947,151
Charitable gift annuity obligation	**108,585**	116,726
Obligations under capital leases	**12,790**	17,940
Total Other Liabilities	**17,542,268**	19,663,536
Total Liabilities	**20,516,834**	23,109,381
Net Assets		
Unrestricted	**30,325,106**	30,496,347
Temporarily restricted	**880,785**	968,256
Permanently restricted	**302,068**	345,610
Total Restricted Net Assets	**1,182,853**	1,313,866
Total Net Assets	**31,507,959**	31,810,213
Total Liabilities and Net Assets	**$ 52,024,793**	$ 54,919,594

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Activities

	Year Ended June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	$ 5,050,613	$ 197,570	$ 1,300	$ 5,249,483
Fees and rentals	3,679,768	85,325	-	3,765,093
Program underwriting	-	1,236,488	-	1,236,488
Interest income	648,505	-	-	648,505
Gain on sale of investments	528,951	-	-	528,951
Gain on sale of property and equipment	581	-	-	581
Net assets released from restrictions	1,606,854	(1,606,854)	-	-
Total Revenue	11,515,272	(87,471)	1,300	11,429,101
Expenses				
Programming and production	4,033,485	-	-	4,033,485
Broadcasting	3,830,132	-	-	3,830,132
Fundraising	2,312,640	-	-	2,312,640
Management and general	1,356,891	-	-	1,356,891
Education	268,530	-	-	268,530
Program information	151,822	-	-	151,822
Income taxes	143,100	-	-	143,100
Total Expenses	12,096,600	-	-	12,096,600
Excess (Deficiency) of Revenue over Expenses	(581,328)	(87,471)	1,300	(667,499)
Change in Interest in Net Assets of a Community Foundation	2,193	-	-	2,193
Unrealized Holding Losses on Investments	(279,666)	-	(44,842)	(324,508)
Change in Fair Value of Interest Rate Swap	498,539	-	-	498,539
Change in Charitable Gift Annuity Obligation	(1,591)	-	-	(1,591)
Gain on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	190,612	-	-	190,612
Changes in Net Assets	$ (171,241)	$ (87,471)	$ (43,542)	$ (302,254)

See accompanying notes.

	Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	$ 4,921,355	$ 94,148	$ -	$ 5,015,503
Fees and rentals	4,204,051	-	-	4,204,051
Program underwriting	-	1,330,363	-	1,330,363
Interest income	127,257	-	-	127,257
Gain on sale of investments	54,715	-	-	54,715
Gain on sale of property and equipment	-	-	-	-
Net assets released from restrictions	1,899,081	(1,899,081)	-	-
Total Revenue	11,206,459	(474,570)	-	10,731,889
Expenses				
Programming and production	3,921,147	-	-	3,921,147
Broadcasting	3,864,641	-	-	3,864,641
Fundraising	1,978,209	-	-	1,978,209
Management and general	1,478,528	-	-	1,478,528
Education	809,232	-	-	809,232
Program information	182,145	-	-	182,145
Income taxes	(76,249)	-	-	(76,249)
Total Expenses	12,157,653	-	-	12,157,653
Deficiency of Revenue over Expenses	(951,194)	(474,570)	-	(1,425,764)
Change in Interest in Net Assets of a Community Foundation	3,943	-	-	3,943
Unrealized Holding Gains on Investments	346,559	-	17,287	363,846
Change in Fair Value of Interest Rate Swap	690,778	-	-	690,778
Change in Charitable Gift Annuity Obligation	(4,674)	-	-	(4,674)
Gain on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	126,852	-	-	126,852
Proceeds from Spectrum Auction	25,054,617	-	-	25,054,617
Changes in Net Assets	$ 25,266,881	$ (474,570)	$ 17,287	$ 24,809,598

See accompanying notes.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets at June 30, 2016	$ 5,229,466	$ 1,442,826	$ 328,323	$ 7,000,615
Changes in net assets	25,266,881	(474,570)	17,287	24,809,598
Net Assets at June 30, 2017	30,496,347	968,256	345,610	31,810,213
Changes in net assets	**(171,241)**	**(87,471)**	**(43,542)**	**(302,254)**
Net Assets at June 30, 2018	**$ 30,325,106**	**$ 880,785**	**$ 302,068**	**$ 31,507,959**

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Cash Flows

	Years Ended June 30, 2018	2017
Cash Flows from Operating Activities		
Changes in net assets	**$ (302,254)**	$ 24,809,598
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	**1,300,673**	1,379,871
Amortization of broadcast rights	**1,328,259**	1,326,101
Amortization of loan closing costs	**9,841**	9,841
Barter revenue	**(133,750)**	(201,001)
Barter expense	**134,665**	169,078
Permanently restricted contribution - Endowment	**(1,300)**	-
In-kind contributions - donated securities	**(33,443)**	(32,837)
Change in accrued pension liability	**(479,489)**	(415,266)
Provision for uncollectible accounts and bad debts	**88,486**	325,135
Change in unamortized discount	**(3,996)**	(6,659)
Gain on sale of investments	**(528,951)**	(54,715)
Proceeds from sale of donated securities	**33,443**	42,837
Unrealized holding (gains) losses on investments	**324,508**	(363,846)
Gain on sale of property and equipment	**(581)**	-
Change in interest in net assets of a community foundation	**(2,193)**	(3,943)
Change in deferred income taxes	**211,000**	22,000
Change in interest rate swap liability	**(498,539)**	(690,778)
(Increase) decrease in assets		
Accounts receivable	**(280,326)**	54,839
Accounts receivable - Spectrum Auction	**25,054,617**	(25,054,617)
Grants receivable	**(20,400)**	17,933
Contracts receivable	**24,974**	28,204
Inventory and prepaid expenses	**30,204**	19,228
Promises to give	**166,011**	218,529
Increase (decrease) in liabilities		
Accounts payable	**(118,618)**	20,986
Accrued payroll and vacation	**18,484**	18,866
Accrued and withheld payroll taxes	**(1,487)**	(6,874)
Deferred revenue	**(401,617)**	(551,109)
Accrued interest payable	**(4,652)**	1,469
Charitable gift annuity obligation	**(8,141)**	(9,700)
Net Cash Provided by Operating Activities	**25,905,428**	1,073,170

	Years Ended June 30, 2018	2017
Cash Flows from Investing Activities		
Capital expenditures	**(1,199,499)**	(258,248)
Proceeds from sale of property and equipment	**581**	-
Purchase of broadcast rights	**(1,325,849)**	(1,326,820)
Purchase of investments	**(22,982,096)**	(252,218)
Proceeds from sale of investments	**463,639**	1,729,290
Net Cash Used in Investing Activities	**(25,043,224)**	(107,996)
Cash Flows from Financing Activities		
Principal repayments of obligations under capital leases	**(10,437)**	(8,453)
Permanently restricted contributions - Endowment	**1,300**	-
Temporarily restricted contributions - Capital Campaign	**5,500**	5,600
Principal repayments of long-term debt	**(715,191)**	(685,191)
Net Cash Used in Financing Activities	**(718,828)**	(688,044)
Net Increase in Cash and Cash Equivalents	**143,376**	277,130
Cash and Cash Equivalents at Beginning of Year	**1,265,910**	988,780
Cash and Cash Equivalents at End of Year	**$ 1,409,286**	$ 1,265,910
Supplementary Cash Flows Information		
Interest paid	**$ 721,534**	$ 755,687
Income taxes paid	**$ 6,100**	$ 80,751

Supplementary Schedule of Noncash Investing and Financing Activities

In 2018

The Organizations included $169,486 of property and equipment in accounts payable.
The Organizations entered into new barter agreements totaling $156,426.
The Organization entered into capital lease obligations totaling $7,500.

In 2017

The Organizations included $583,728 of property and equipment in accounts payable.
The Organizations entered into new barter agreements totaling $159,173.
The Organization entered into capital lease obligations totaling $8,733.
Investments of $10,000 were received as payment on promises to give.

Note 1 - Nature of Operations

WITF, Inc. (a Pennsylvania nonprofit corporation) (WITF) operates the WITF - TV and FM (television and radio) stations in Harrisburg, Pennsylvania. WITF, Inc. and Subsidiary's (collectively, Organizations) revenue is primarily from contributions, fees, and rentals.

Effective July 1, 2000, WITF, Inc. established a wholly-owned subsidiary, WITF Enterprises, Inc. (a Pennsylvania C corporation) (Enterprises). Enterprises was created by the transfer of assets and liabilities of a former division of WITF, Inc., the Radio PA Network. During the year ended June 30, 2017, Enterprises discontinued the operations of the TFM Advertising division. Enterprises derives substantially all of its revenue from advertising sales.

Note 2 - Summary of Significant Accounting Policies

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

Use of Estimates

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

Principles of Consolidation

The consolidated financial statements include the accounts of WITF and its wholly-owned subsidiary. All significant intercompany balances and transactions are eliminated in consolidation.

Basis of Accounting

The Organizations' consolidated financial statements and books are maintained on the accrual basis. The respective revenue and costs of non-independently-funded programs are deferred until their completion at which time the amounts are transferred to the revenue and expense accounts.

Basis of Presentation

Net assets of the Organizations and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations plus equity of the for-profit entity.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of WITF and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by WITF.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organizations consider all highly-liquid investments with original maturities of three months or less to be cash equivalents.

In addition, the Organizations place their temporary cash investments with high credit quality financial institutions. The cash balances are commonly reinvested in overnight repurchase agreements. In evaluating this credit risk, the Organizations periodically evaluate the stability of these financial institutions.

Accounts Receivable

Accounts receivable are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, agings of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

As of June 30, 2018 and 2017, management established the allowance for doubtful accounts of $44,329 and $107,601, respectively.

Contracts Receivable

WITF enters into program underwriting contracts with various companies to provide underwriting spots through television, radio, or other outlets in exchange for a funding contribution. The remaining balance of the contract is reported as contracts receivable in the consolidated statement of financial position. All contracts are expected to be realized in less than one year.

Inventory

Inventory of materials and supplies not allocable to uncompleted contracts is stated at the lower of cost or realizable value, cost being determined on the first-in, first-out method. Inventory is determined by physical count.

Broadcast Rights

Program series and other syndicated products are recorded at cost, based on the gross amount of the liability. Generally, these programs and products are amortized on an accelerated basis over the period of the license agreement. Estimated amortization consists of $23,270 for the year ending June 30, 2019, $5,386 for the year ending June 30, 2020, and $1,267 for the year ending June 30, 2021.

Note 2 - Summary of Significant Accounting Policies (continued)

Promises to Give

Promises to give are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a donor's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. Promises to give that are expected to be received in more than one year are discounted to present value using a risk-adjusted rate of return. Amortization of the discount is included in contribution revenue.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value, based on quoted market prices, with the exception of alternative investments. Alternative investments in hedge funds, which include offshore funds, are stated at estimated fair value based upon the fund's net asset value or their equivalents as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2018, WITF had no plans or intentions to sell investments at amounts different from net asset value. The estimated fair values are reported by the fund managers and are reviewed and evaluated by WITF. The estimated fair values may differ from the values that would have been used had a ready market existed for these investments.

Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulation. Interest and dividends are not recorded until received.

Property and Equipment

Property and equipment are reported at cost, or in the case of donated property, at estimated fair value determined as of the date of receipt.

Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for maintenance and repairs are charged to operations as incurred. Gain or loss on the sale or disposal of assets is credited or charged to operations and the related asset costs and accumulated depreciation are removed from the respective accounts.

WITF's buildings and improvements are depreciated using the straight-line method over the estimated average useful lives of the assets of fourteen to thirty years. WITF's equipment is depreciated using the straight-line and accelerated methods over the estimated average useful lives of six to ten years. WITF's vehicles are depreciated using the straight-line method over the estimated average useful life of three years. WITF's leasehold improvements are depreciated using the straight-line method over the estimated average useful life or term of lease.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Enterprises' equipment and furniture are depreciated using straight-line and accelerated methods over their estimated average useful lives of six to ten years.

The Organizations' policy is to capitalize property and equipment expenditures of $1,000 or more.

Interest in Net Assets of a Community Foundation

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. The management of the Organizations concluded that no impairment adjustments were required during the years ended June 30, 2018 and 2017.

Loan Closing Costs

Costs related to the closing of long-term debt are capitalized and amortized to interest expense over the straight-line terms of the related long-term debt. Gross deferred loan costs amounted to $197,524 as of June 30, 2018 and 2017. Accumulated amortization amounted to $80,945 and $71,104 as of June 30, 2018 and 2017, respectively. Total amortization expense recognized in interest expense amounted to $9,841 for each of the years ended June 30, 2018 and 2017.

Revenue Recognition

Unrestricted revenue, contributions, and pledges are recognized as revenue in the consolidated statement of activities upon receipt. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when incurred.

Grant revenue is deemed to be in respect of exchange transactions and is classified as unrestricted revenue when received or receivable. Grant revenue is not deemed to be a contribution, since the proceeds thereof are used to pursue objectives of the grantor.

The Organizations use the percentage-of-completion method of accounting for independently-funded revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to estimated total costs at completion applied to the total committed revenue from outside sponsors. Production costs include charges by subcontractors, plus all direct labor, and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted Support

WITF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements of Enterprises and consist of taxes currently due plus deferred taxes. Deferred taxes result primarily from the difference in the bases of accounts receivable, property and equipment, accrued pension liability, and accrued vacation for financial and income tax reporting. This difference is referred to as a temporary difference. Deferred tax assets and liabilities represent the future tax return consequences of that difference, which will either be taxable or deductible when the temporary difference reverses or when the underlying assets and liabilities are recovered or settled. Deferred taxes are also recognized for federal and state net operating loss carryforwards that are available to offset future taxable income. Management has elected not to record a valuation allowance since they anticipate being able to fully utilize this benefit before the net operating loss carryforwards expire.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Enterprises, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that Enterprises had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. With few exceptions, Enterprises is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before June 30, 2015.

WITF is recognized as being exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to WITF are deductible under Section 170 of the Internal Revenue Code. WITF also files Form 990-T, reporting any unrelated business income earned.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by WITF, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that WITF had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. With few exceptions, WITF is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before June 30, 2015.

Note 2 - Summary of Significant Accounting Policies (continued)

Derivatives and Hedging Activity

WITF is a party to interest rate swap agreements to hedge the exposure to changing rates with respect to certain variable rate debt. In accordance with the accounting standard on *Accounting for Derivative Instruments and Hedging Activities*, all derivatives, whether designated in hedging relationships or not, are required to be recorded on the consolidated statement of financial position at fair value. WITF interest rate swaps are recorded at fair value as determined by a third party. Changes in the fair value of the swaps are recorded on the consolidated statement of activities as a component of the changes in net assets.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 850): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. This ASU will be effective for the Organizations for fiscal years beginning after December 15, 2016. Early adoption is permitted and the amendments in ASU 2015-07 should be applied retrospectively to all periods presented. The Organizations implemented this standard during the year ended June 30, 2018.

In July 2015, FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation. ASU 2015-11 is effective for financial statements issued for fiscal years, and interim periods within those years, beginning after December 15, 2016 on a prospective basis. Early adoption of ASU 2015-11 is permitted. The Organizations adopted this ASU effective July 1, 2017. The adoption did not have a material effect on its consolidated financial statements.

In November 2015, FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which eliminates the previous requirement to segregate deferred tax assets on the balance sheet between current and noncurrent. Once adopted, deferred tax assets and liabilities will be shown as noncurrent assets and liabilities. The guidance is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The Organizations are currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. This guidance is effective for annual periods beginning after December 15, 2017. The Organizations are currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018. The Organizations are currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018, or annual periods beginning after June 15, 2018 for public business entities. For contributions made, this guidance is effective for annual periods beginning after December 15, 2019, or annual periods beginning after December 15, 2018 for public business entities. The Organizations are currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The guidance is effective for fiscal years beginning after December 15, 2019. The Organizations are currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Subsequent Events

The Organizations have evaluated subsequent events through October 16, 2018, which is the date the consolidated financial statements were available to be issued. No material events subsequent to June 30, 2018 were noted.

Note 3 - Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation techniques were used to measure fair value of assets in the tables on the following pages on a recurring basis as of June 30, 2018 and 2017:

Investments in cash and cash equivalents - The carrying amounts of cash and cash equivalents approximate fair value because of the short-term nature of those investments.

Investments in mutual funds, common stocks, corporate bonds, and government securities - Fair value of mutual funds, common stocks, corporate bonds, and government securities was based on quoted market prices for the identical security.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on WITF's ownership interest of the fund as determined by the community foundation. The fund assets were valued based on the performance of underlying investments as well as an administrative fee.

Interest rate swap liability - Fair value of the interest rate swaps are based on quoted market prices when available, or externally developed valuation models using forward-looking assumptions of interest rates and the resulting effect on the underlying cash flows of the interest rate swaps. Adjustments are not made for nonperformance risk on behalf of either party.

Hedge funds - Fair value of hedge funds was based on estimated fair values provided by an independent administrator. The hedge funds are valued at the net asset value (NAV) of units. The NAV is used as a practical expedient to estimate fair value and is based on the underlying investments held by the funds less its liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3 - Fair Value of Financial Instruments (continued)

The Organizations' financial instruments also include cash accounts and other receivables, promises to give, accounts payable, charitable gift annuity obligation, and long-term debt. The carrying amounts of cash, accounts and other receivables, and accounts payable, approximate fair values as of June 30, 2018 and 2017 because of the short maturities of those instruments. The carrying amounts of promises to give and charitable gift annuity obligation as of June 30, 2018 and 2017 approximate fair value, as they have been discounted using risk-adjusted rates. Additionally, the charitable gift annuity obligations were valued based on the annuitants' life expectancies. The carrying amounts of long-term debt are considered to approximate fair values as of June 30, 2018 and 2017 since they are subject to interest rates, which vary depending on market conditions.

For assets (liabilities) measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows as of June 30:

	2018			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	$ 17,300	$ 17,300	$ -	$ -
Mutual Funds				
Equity - domestic	12,870,498	12,870,498	-	-
Fixed income	10,670,205	10,670,205	-	-
Equity - international	5,176,247	5,176,247	-	-
Exchange traded	1,334,883	1,334,883	-	-
Total Mutual Funds	30,051,833	30,051,833	-	-
	30,069,133	$ 30,069,133	$ -	$ -
Alternative Investments (a)				
Hedge fund	1,059,634			
Total Investments	$ 31,128,767			
Interest in Net Assets of a Community Foundation	$ 72,402	$ -	$ -	$ 72,402
Interest rate swap (2005)	$ (299,924)	$ -	$ (299,924)	$ -
Interest rate swap (2008)	(148,772)	-	(148,772)	-
Interest rate swap (2013)	84	-	84	-
Total Interest Rate Swaps	$ (448,612)	$ -	$ (448,612)	$ -

Note 3 - Fair Value of Financial Instruments (continued)

	2017			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	$ 708,301	$ 708,301	$ -	$ -
Mutual Funds				
Equity - domestic	91,925	91,925	-	-
Fixed income	76,327	76,327	-	-
Equity - international	54,536	54,536	-	-
Exchange traded	287,885	287,885	-	-
Total Mutual Funds	510,673	510,673	-	-
Common Stocks				
Consumer goods	585,371	585,371	-	-
Financial	496,934	496,934	-	-
Healthcare	484,063	484,063	-	-
Technology	469,147	469,147	-	-
Services	329,543	329,543	-	-
Basic materials	324,490	324,490	-	-
Industrial goods	313,437	313,437	-	-
Utilities	98,174	98,174	-	-
Energy	12,269	12,269	-	-
Real estate	7,059	7,059	-	-
			-	-
Total Common Stocks	3,120,487	3,120,487	-	-
Corporate Bonds*				
AAA	556,822	556,822	-	-
BBB+	555,940	555,940	-	-
A-	470,103	470,103	-	-
BBB	345,907	345,907	-	-
A+	214,818	214,818	-	-
A	144,418	144,418	-	-
AA-	69,577	69,577	-	-
AA	69,492	69,492	-	-
BBB-	68,298	68,298	-	-
Total Corporate Bonds	2,495,375	2,495,375	-	-

* Corporate bond ratings are as of the report date. The ratings are presented using the Standard & Poor's credit ratings.

Note 3 - Fair Value of Financial Instruments (continued)

	2017			
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Government Securities				
AAA	747,617	747,617	-	-
AA+	141,296	141,296	-	-
Total Government Securities	888,913	888,913	-	-
	7,723,749	$ 7,723,749	$ -	$ -
Alternative Investments (a)				
Hedge fund	682,118			
Total Investments	$ 8,405,867			
Interest in Net Assets of a Community Foundation	$ 70,209	$ -	$ -	$ 70,209
Interest rate swap (2005)	$ (613,351)	$ -	$ (613,351)	$ -
Interest rate swap (2008)	(333,785)	-	(333,785)	-
Interest rate swap (2013)	(15)	-	(15)	-
Total Interest Rate Swaps	$ (947,151)	$ -	$ (947,151)	$ -

(a) This class represents investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient and, therefore, have not been classified in the fair value hierarchy.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2018 and 2017, there were no transfers in or out of Level 3.

Note 3 - Fair Value of Financial Instruments (continued)

Changes in Fair Value Levels (continued)

For assets falling within Level 3 in the fair value hierarchy, the activity recognized is as follows during the years ended June 30:

	Interest in Net Assets of a Community Foundation
Balance at June 30, 2016	$ 66,266
Unrealized holding gains	3,943
Balance at June 30, 2017	70,209
Unrealized holding gains	**2,193**
Balance at June 30, 2018	**$ 72,402**

The unrealized holding gains for interest in net assets of a community foundation, classified as Level 3, are included within change in interest in net assets of a community foundation on the consolidated statement of activities.

The alternative investment hedge funds category is comprised of the following:

The Alphakeys Millennium Fund (Offshore), Ltd. (the Fund) was organized as an exempted company with limited liability, incorporated under the laws of the Cayman Islands, and commenced operations on August 1, 2011. The Fund invests substantially all of its capital in Millennium International, Ltd. (the Millennium Fund), an exempt company incorporated under the laws of the Cayman Islands. The Millennium Fund's principal trading objective, through its investment in Millennium Offshore Intermediate, L.P. (the Millennium Intermediate Fund), which itself invests in Millennium Partners, L.P. and subsidiaries (the Millennium Master Fund) is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

An investor shall be permitted to redeem shares as of the close of business on March 31, June 30, September 30, and December 31 of each year (each such day, a Redemption Day). An investor requesting to redeem shares from the Fund must provide written notice to the Administrator at least 105 days prior to a Redemption Date (unless the Administrator agrees to accept shorter notice), or upon such other notice period, which may be longer, as may be notified to the investors, in the Administrator's sole discretion. There are no unfunded commitments as of June 30, 2018 and 2017.

Note 4 - Cash and Cash Equivalents

The Organizations' bank provides a cash management service, which invests all excess cash. Cash consists of the following as of June 30:

	2018	2017
Checking, money market, and repurchase accounts	**$ 1,409,286**	$ 1,265,910

Note 5 - Accounts Receivable - Spectrum Auction

During the year ended June 30, 2017, WITF entered into a channel sharing agreement with another broadcaster as a part of the Federal Communications Commission's (FCC) broadcast incentive auction. WITF received proceeds of $25,054,617 from this one-time auction during the year ended June 30, 2018. As of June 30, 2017, the proceeds had not been received and were included in accounts receivable - Spectrum Auction on the consolidated statement of financial position.

Note 6 - Promises to Give

Promises to give - *On Trusted Ground* campaign represent funds raised in celebration of the 50th anniversary of WITF to ensure the long-term sustainability and to encourage the same spirit of creativity that led to its founding. The campaign began during the year ended June 30, 2010. The promises to give that were acquired during the years ended June 30, 2017 and prior, and are expected to be collected in more than one year, were discounted to present value using a risk-adjusted rate of return. Present value discount factors range from 1.97% to 2.83%.

Promises to give - Capital Campaign represent funds raised to renovate and expand its facilities. There were no new promises to give - Capital Campaign since June 30, 2008. All promises to give - Capital Campaign as of June 30, 2017 are considered current.

Promises to give - fundraising campaigns represent funds received from various fundraising campaigns. WITF engages in these campaigns by offering some special television programs and on-air and telemarketing fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to WITF for enhancement of program offerings and operating expenses. Financial contributions are frequently evidenced by promises to give received from responding viewers. Contributions and collected promises to give are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of WITF. This usage is consistent with appeals for contributions and promises to give. All promises to give - fundraising campaigns as of June 30, 2018 and 2017 are considered current.

Note 6 - Promises to Give (continued)

Promises to give consist of the following as of June 30:

	2018	2017
Promises to give - *On Trusted Ground c*ampaign	**$ 436,100**	$ 722,975
Promises to give - fundraising campaigns	**3,047**	2,706
Promises to give - Capital Campaign	**-**	270,724
	439,147	996,405
Unamortized discount	**(9,155)**	(13,151)
Allowance for uncollectible promises to give	**(103,504)**	(405,522)
	$ 326,488	$ 577,732

Due dates of promises to give, assuming no change in current terms, consist of the following as of June 30:

	2018	2017
Receivable in less than one year	**$ 304,147**	$ 821,405
Receivable in one to five years	**135,000**	175,000
	$ 439,147	$ 996,405
Current portion	**$ 232,064**	$ 448,072
Noncurrent portion	**94,424**	129,660
	$ 326,488	$ 577,732

Note 7 - Investments

The cost, unrealized gains and losses, and fair value of investments consist of the following as of June 30:

	2018			
		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
Cash and Cash Equivalents	**$ 17,300**	**$ -**	**$ -**	**$ 17,300**
Mutual Funds				
Equity - domestic	**12,796,544**	**263,059**	**(189,105)**	**12,870,498**
Fixed income	**10,941,859**	**-**	**(271,654)**	**10,670,205**
Equity - international	**5,428,642**	**5,545**	**(257,940)**	**5,176,247**
Exchange traded	**1,271,716**	**63,167**	**-**	**1,334,883**
Total Mutual Funds	**30,438,761**	**331,771**	**(718,699)**	**30,051,833**
Alternative Investment				
Hedge fund	**756,431**	**303,203**	**-**	**1,059,634**
	$ 31,212,492	**$ 634,974**	**$ (718,699)**	**$ 31,128,767**

	2017			
Cash and Cash Equivalents	$ 708,301	$ -	$ -	$ 708,301
Mutual Funds				
Equity - domestic	77,422	14,582	(79)	91,925
Fixed income	75,350	977	-	76,327
Equity - international	49,658	5,108	(230)	54,536
Exchange traded	257,627	30,405	(147)	287,885
Total Mutual Funds	460,057	51,072	(456)	510,673
Alternative Investment				
Hedge fund	456,431	225,687	-	682,118
Common Stocks				
Consumer goods	458,526	129,681	(2,836)	585,371
Financial	384,103	123,815	(10,984)	496,934
Healthcare	374,758	111,893	(2,588)	484,063
Technology	366,236	109,794	(6,883)	469,147
Services	260,230	71,037	(1,724)	329,543
Basic materials	320,779	24,229	(20,518)	324,490
Industrial goods	247,158	74,450	(8,171)	313,437
Utilities	70,171	28,003	-	98,174
Energy	10,910	1,359	-	12,269
Real estate	10,369	-	(3,310)	7,059
Total Common Stocks	2,503,240	674,261	(57,014)	3,120,487

Note 7 - Investments (continued)

	2017			
		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
Corporate Bonds				
AAA	555,648	1,724	(550)	556,822
BBB+	551,889	5,202	(1,151)	555,940
A-	468,579	2,244	(720)	470,103
BBB	330,128	16,277	(498)	345,907
A+	212,742	2,076	-	214,818
A	143,281	1,137	-	144,418
AA-	69,854	-	(277)	69,577
AA	69,990	-	(498)	69,492
BBB-	68,846	-	(548)	68,298
Total Corporate Bonds	2,470,957	28,660	(4,242)	2,495,375
Government Securities				
AAA	748,475	396	(1,254)	747,617
AA+	142,708	-	(1,412)	141,296
Total Government Securities	891,183	396	(2,666)	888,913
	$ 7,490,169	$ 980,076	$ (64,378)	$ 8,405,867

Investment return consists of the following for the years ended June 30:

	2018	2017
Interest and dividends	**$ 592,173**	$ 123,238
Net realized and unrealized gains	**204,443**	418,561
Fees	**(36,955)**	(58,340)
	$ 759,661	$ 483,459

Long-term investments held as of June 30, 2018 and 2017 are comprised of investments in fixed income and equity securities. The Organizations have recorded total unrealized holding losses on thirty-three and forty-four of these securities, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline.

Note 7 - Investments (continued)

The following table shows the investments gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of June 30:

	2018					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual Funds						
Equity - domestic	**$ 6,845,773**	**$ (189,105)**	**$ -**	**$ -**	**$ 6,845,773**	**$ (189,105)**
Fixed income	**10,670,205**	**(271,654)**	**-**	**-**	**10,670,205**	**(271,654)**
Equity - international	**4,874,287**	**(257,851)**	**5,323**	**(89)**	**4,879,610**	**(257,940)**
	$ 22,390,265	**$ (718,610)**	**$ 5,323**	**$ (89)**	**$ 22,395,588**	**$ (718,699)**

	2017					
Mutual Funds						
Equity - domestic	$ 1,947	$ (79)	$ -	$ -	$ 1,947	$ (79)
Equity - international	4,077	(230)	-	-	4,077	(230)
Exchange traded	152,076	(147)	-	-	152,076	(147)
Common Stocks						
Consumer goods	12,381	(871)	10,283	(1,965)	22,664	(2,836)
Financial	38,430	(4,178)	40,528	(6,806)	78,958	(10,984)
Healthcare	42,847	(2,588)	-	-	42,847	(2,588)
Technology	86,759	(4,831)	28,975	(2,052)	115,734	(6,883)
Services	16,975	(611)	38,675	(1,113)	55,650	(1,724)
Basic materials	-	-	97,496	(20,518)	97,496	(20,518)
Industrial goods	16,481	(962)	8,563	(7,209)	25,044	(8,171)
Real estate	-	-	7,059	(3,310)	7,059	(3,310)
Corporate Bonds						
AAA	218,535	(550)	-	-	218,535	(550)
BBB+	138,275	(1,151)	-	-	138,275	(1,151)
A-	282,569	(720)	-	-	282,569	(720)
BBB	69,084	(498)	-	-	69,084	(498)
AA-	69,577	(277)	-	-	69,577	(277)
AA	69,492	(498)	-	-	69,492	(498)
BBB-	68,298	(548)	-	-	68,298	(548)
Government Securities						
AAA	567,485	(1,254)	-	-	567,485	(1,254)
AA+	141,296	(1,412)	-	-	141,296	(1,412)
	$ 1,996,584	$ (21,405)	$ 231,579	$ (42,973)	$ 2,228,163	$ (64,378)

Note 8 - Property and Equipment

Property and equipment consists of the following as of June 30:

	2018	2017
Building	**$ 16,746,449**	$ 16,746,449
Broadcasting equipment	**7,863,482**	7,296,659
Production equipment	**2,333,740**	2,322,454
Land *	**1,542,360**	1,542,360
Office equipment	**1,452,444**	1,339,968
DTV equipment	**1,121,939**	1,121,939
Furniture and fixtures	**839,127**	839,127
Donated equipment	**603,920**	603,920
Leasehold improvements	**315,583**	218,002
FM equipment	**194,442**	189,942
Trucks	**184,479**	207,646
Uplink equipment	**129,532**	129,832
Building improvements	**54,147**	54,147
Domain name	**6,000**	6,000
	33,387,644	32,618,445
Accumulated depreciation and amortization	**(17,433,271)**	(16,156,156)
	$ 15,954,373	$ 16,462,289

* Not depreciated

Depreciation and amortization expense amounted to $1,300,673 and $1,379,871 for the years ended June 30, 2018 and 2017, respectively.

WHP, a commercial television station in Harrisburg, Pennsylvania, contributed land, which was valued at $122,000 by the Executive Committee of the Board of Directors in 1964 when received. The land was contributed with the provision that, if at any time after January 1975, WITF should cease to use said land for educational television purposes, it will revert to WHP.

Note 9 - Station License

In December 1995, Hudson Broadcasting Corp. (Hudson) waived claims for payment under an agreement, which transferred rights to broadcast on television Channel 33 from Hudson to WITF. The FCC license to transmit on Channel 33 has been valued at $35,000 by the Executive Committee of the Board of Directors.

In January 2009, WITF closed an asset purchase agreement with Broadcast Communications, Inc. to acquire station license WROG-FM, Chambersburg, Pennsylvania. The FCC license to transmit on WROG-FM amounted to $875,000.

Note 10 - Interest in Net Assets of a Community Foundation

WITF is the beneficiary of endowment funds of The Foundation for Enhancing Communities and York County Community Foundation (collectively, Foundations), both community foundations. As beneficiary, WITF is entitled to annual distributions from the funds, based upon the Foundations' spending policies. The Foundations maintain variance power only over distributions from the funds.

In accordance with the accounting standard on *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the organizational endowment funds created by WITF are reflected in the consolidated statement of financial position as interest in net assets of a community foundation. Through June 30, 2018 and 2017, WITF has contributed $62,267 to the funds. Future contributions are at the discretion of the Board of Directors of WITF. The fair value of WITF's interest in net assets of a community foundation amounted to $72,402 and $70,209 as of June 30, 2018 and 2017, respectively.

Note 11 - Endowments

WITF's endowments consist of several funds established for a variety of purposes. Its endowments include a donor-restricted endowment fund. As required by accounting principles generally accepted in the United States (U.S. GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of WITF has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, WITF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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, which includes unrealized gains or losses on investments. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets, which includes interest and dividends and realized gains or losses on sale of investments, net of fees, is classified as unrestricted or temporarily restricted net assets until those amounts are appropriated for expenditure by WITF in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, WITF considers the following factors in making a determination to accumulate or appropriate endowment funds:

a) The duration and preservation of the fund

b) The purposes of the organization and the donor-restricted endowment fund

c) General economic conditions

d) The possible effect of inflation and deflation

Note 11 - Endowments (continued)

Interpretation of Relevant Law (continued)

e) The expected total return from income and appreciation of investments

f) Other resources of WITF

g) The investment policies of WITF

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30:

	2018	2017
Unrestricted	**$ 8,089,686**	$ 7,908,859
Permanently restricted	**302,068**	345,610
	$ 8,391,754	$ 8,254,469

The following schedule represents the changes in endowment net assets for the years ended June 30:

	2018		
	Unrestricted	Permanently Restricted	Total
Endowment Net Assets, Beginning	$ 7,908,859	$ 345,610	$ 8,254,469
Contributions	83,843	1,300	85,143
Investment return			
Interest and dividends	198,373	9,263	207,636
Realized and unrealized holding gains	257,347	11,522	268,869
Disbursements	(410,700)	-	(410,700)
Fees	(13,568)	(95)	(13,663)
Transfer	65,532	(65,532)	-
Endowment Net Assets, Ending	$ 8,089,686	$ 302,068	$ 8,391,754

Note 11 - Endowments (continued)

Interpretation of Relevant Law (continued)

	2017		
	Unrestricted	Permanently Restricted	Total
Endowment Net Assets, Beginning	$ 69,002	$ 328,323	$ 397,325
Re-establish board-designated endowment	8,913,406	-	8,913,406
Contributions	128,980	-	128,980
Investment return			
Interest and dividends	111,117	5,628	116,745
Realized and unrealized holding gains	388,551	17,287	405,838
Disbursements	(1,652,800)	-	(1,652,800)
Fees	(55,025)	-	(55,025)
Transfer	5,628	(5,628)	-
Endowment Net Assets, Ending	$ 7,908,859	$ 345,610	$ 8,254,469

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires WITF to retain as a fund of perpetual duration. In accordance with U.S. GAAP, these deficiencies are reported as unrestricted net assets. There were no such deficiencies reported as of June 30, 2018 and 2017.

Return Objectives and Risk Parameters

WITF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WITF must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results to allow WITF to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

WITF 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). WITF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 11 - Endowments (continued)

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The endowment funds of WITF are comprised of donor-designated endowment funds. The spending rate is the withdrawal rate from the endowment funds to fund specific expenditures consistent with specific endowment funds' objectives and approved by the Board of Directors. The not-to-exceed spending rate shall be recommended by the Investment Committee and approved by the Board of Directors, taking into consideration the following goals:

a) Maximize long-term return goals

b) Preserve the real long-term purchasing power of the endowment funds' portfolio's principal

c) Optimize annual distribution from the endowment funds' portfolio

d) Promote accountability of asset management

e) Promote the Organizations' fundraising efforts

The general spending policy of the endowment funds is based on a total return policy in which capital gains, interest, and dividends are reinvested in the endowment. The spending rate shall be 4.0% of the fair market value of the fund assets determined June 30 of each year through 2020, with distributions to be based on a three-year moving average thereafter, or as the Board of Directors may determine. For approval each year, the Investment and Finance Committee will recommend to the Board of Directors the spending rate, considering the size, growth, and performance (past and projected) of the endowment funds and the needs of the operating budget. For the years ended June 30, 2018 and 2017, the Board of Directors approved a spending rate of 4.0% and 4.5%, respectively.

Note 12 - Obligations under Capital Leases

An analysis of leased property under capital leases consists of the following as of and for the years ended June 30:

	2018	2017
Office equipment	**$ 53,868**	$ 46,368
Accumulated depreciation	**(29,715)**	(19,691)
	$ 24,153	$ 26,677
Amortization expense	**$ 10,024**	$ 8,400
Interest expense	**$ 3,180**	$ 3,350

The amortization expense on capital leases is included in the amount of depreciation and amortization expense reported in Note 11.

Note 12 - Obligations under Capital Leases (continued)

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, consist of the following for the remaining five years ending June 30:

2019	$ 13,618
2020	8,553
2021	3,488
2022	2,403
2023	407
	28,469
Amount representing interest	(4,310)
	$ 24,159
Current portion	$ 11,369
Noncurrent portion	12,790
	$ 24,159

Note 13 - Long-Term Debt

On January 8, 2009, WITF entered into a note payable agreement with Citizens Bank of Pennsylvania (Citizens Bank) for $1,000,000 for the purchase of a station license. The note required monthly payments of $8,333 plus interest through January 8, 2014, plus a balloon payment at maturity. On November 5, 2013, WITF refinanced the note payable with Citizens Bank. The amended agreement requires monthly payments of $8,766 plus interest through November 5, 2018. Interest on the unpaid principal balance is unchanged under the amended agreement and accrues at a variable rate of LIBOR, plus 225 basis points, which was 4.25% and 3.33% (effective interest rate of 5.57% and 3.84%) as of June 30, 2018 and 2017, respectively. The loan is collateralized by the station license.

On August 3, 2009, WITF entered into an agreement with Citizens Bank, which converted an outstanding Tax-Exempt Variable Rate Demand Revenue Bond, Series of 2005 to a Bank Qualified Tax-Free Term Loan for $18,615,000. The loan requires varying annual principal repayments, with all outstanding principal due on the maturity date of October 31, 2032. The agreement also includes a three-year call option with the next call option due October 1, 2021. As of June 30, 2018, WITF has been notified that this call option will not be executed. Additionally, the loan requires monthly interest payments, the amount of which is determined based on a rate of 30-day LIBOR, plus 250 basis points, multiplied by 68%, which was 3.03% and 2.42% (effective interest rate of 2.81% and 2.28%) as of June 30, 2018 and 2017, respectively. All accrued and unpaid interest will be due on the maturity date. The loan is collateralized by a mortgage on the location of WITF's primary facility.

Note 13 - Long-Term Debt (continued)

Long-term debt consists of the following as of June 30:

	2018	2017
Citizens Bank of Pennsylvania - facilities	**$ 14,085,000**	$ 14,695,000
Citizens Bank of Pennsylvania - station license	**43,830**	149,021
Unamortized loan costs	**(116,579)**	(126,420)
	14,012,251	14,717,601
Current maturities of long-term debt	**(680,056)**	(705,350)
	$ 13,332,195	$ 14,012,251

Aggregate maturities of long-term debt, assuming no change in these terms or other current terms, consist of the following for the five years ending June 30, 2023; and thereafter:

	Principal	Deferred Loan Costs Amortization	Net
2019	**$ 688,830**	**$ (8,774)**	**$ 680,056**
2020	**675,000**	**(8,240)**	**666,760**
2021	**710,000**	**(8,240)**	**701,760**
2022	**750,000**	**(8,240)**	**741,760**
2023	**785,000**	**(8,240)**	**776,760**
Thereafter	**10,520,000**	**(74,845)**	**10,445,155**
	$ 14,128,830	**$ (116,579)**	**$ 14,012,251**

In order to achieve a fixed interest rate on a portion of the above mentioned variable rate debt, WITF entered into an interest rate swap agreement that began on September 28, 2005 and ends on October 1, 2020. The agreement provides for WITF to pay a fixed rate of interest of 3.40% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of 68% of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to $2,226,000 at the beginning of the agreement, will increase to a high of $11.2 million through 2009, and then decrease to $7.7 million at maturity.

WITF entered into an interest rate swap agreement that began on April 1, 2008 and ends on October 1, 2020. The agreement provides for WITF to pay a fixed rate of interest of 2.98% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of 68% of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to $7,600,000 at the beginning of the agreement and will decrease to $5,106,000 at maturity.

Note 13 - Long-Term Debt (continued)

WITF entered into an interest rate swap agreement that began on November 5, 2013 and ends on November 5, 2018. The agreement provides for WITF to pay a fixed rate of interest of 1.33% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to $525,954 at the beginning of the agreement and will decrease to $8,766 at maturity.

WITF has recorded the value of the interest rate swaps on the consolidated statement of financial position with the change in value reported on the consolidated statement of activities. The interest rate swaps are reported in the consolidated financial statements of WITF as follows for the years ended June 30:

	2018	
	Presentation on Consolidated Statement of Financial Position	**Presentation on Consolidated Statement of Activities (Unrestricted)**
	Interest Rate Swap Asset (Liability)	**Change in Fair Value of Interest Rate Swap**
Interest rate swap (2005)	**$ (299,924)**	**$ 313,427**
Interest rate swap (2008)	**(148,772)**	**185,013**
Interest rate swap (2013)	**84**	**99**
	$ 448,612	**$ 498,539**
	2017	
Interest rate swap (2005)	$ (613,351)	$ 428,314
Interest rate swap (2008)	(333,785)	259,911
Interest rate swap (2013)	(15)	2,553
	$ (947,151)	$ 690,778

Interest expense amounted to $726,723 and $766,997 for the years ended June 30, 2018 and 2017, respectively.

Note 14 - Charitable Gift Annuity Obligation

During the year ended June 30, 2011 and prior, WITF was the recipient of gift annuities that provides for the payment of distributions to the annuitants for the remainder of their lives. After this time period, the remaining assets are available for WITF's use. The annuities are reflected as a liability on WITF's consolidated statement of financial position at their present value discounted over the expected lives of the annuitants using discount rates ranging from 2.00% to 6.20%. The value of the gift annuities received over the calculated liability is recognized as unrestricted contribution revenue. There were no new gift annuities during the years ended June 30, 2018 and 2017. WITF will calculate the present value of the estimated future payments to the annuitants on an annual basis. The charitable gift annuity obligation amounted to $108,585 and $116,726 as of June 30, 2018 and 2017, respectively.

Note 15 - Commitments

WITF leases various operating facilities and equipment under operating leases. Future minimum lease payments, assuming no change in current terms, consist of the following for the remaining five years ending June 30:

2019	$	**144,113**
2020		**138,421**
2021		**143,476**
2022		**125,554**
2023		**34,820**

Future minimum lease payments disclosed above exclude sublease income related to the broadcast tower. The amounts to be received consist of the following for the remaining five years ending June 30:

2019	$	**255,397**
2020		**194,181**
2021		**133,950**
2022		**119,416**
2023		**93,668**

Rent expense amounted to $156,387 and $155,584 for the years ended June 30, 2018 and 2017, respectively, excluding sublease income of $218,992 and $217,853, respectively.

WITF entered into several leases for Educational Broadband Service (EBS) stations that are not currently being used by WITF. The stations are being leased in four different locations. The leases each required an initial deposit to WITF, which amounted to $8,268,228 in total. The leases require initial monthly payments ranging from $5,992 to $17,775 and have an initial term of ten years, with two ten-year renewal options. The monthly payment amounts will increase by 3% on an annual basis. The initial deposits, along with the monthly payments, are being recognized on a straight-line basis over the term of the agreements.

Note 15 - Commitments (continued)

During the year ended June 30, 2009, WITF entered into another lease for excess capacity use of EBS. The lease required an initial deposit to WITF of $432,943. The lease requires initial monthly payments of $2,598 and has an initial term of ten years, with two ten-year renewal options. The monthly payment amounts will increase by 3% on an annual basis. The initial deposits, along with the monthly payments, are being recognized on a straight-line basis over the term of the agreement.

Deferred revenue on the above leases amounted to $2,772,242 and $3,222,136 as of June 30, 2018 and 2017, respectively. Rental income on the above leases amounted to $1,283,547 for each of the years ended June 30, 2018 and 2017.

Future minimum lease payments, assuming no change in current terms, consist of the following for the five years ending June 30, 2023; and thereafter:

2019	$ 857,639
2020	883,368
2021	909,869
2022	937,165
2023	965,280
Thereafter	17,546,794
	$ 22,100,115

Note 16 - Net Assets

Temporarily restricted net assets consist of the following as of June 30:

	2018	2017
Cash - Explore the Classroom	$ 85,325	$ -
Promises to give - *On Trusted Ground* campaign	325,445	576,844
Television and radio underwriting contracts	271,402	296,376
Cash - PA Post	148,545	65,523
Grant receivable - PA Conservation History	40,025	26,625
Grant receivable - Real Life Real Issues	9,000	2,000
Promises to give - fundraising campaigns	1,043	888
	$ 880,785	$ 968,256

Permanently restricted net assets consist of the following as of June 30:

	2018	2017
Endowment investments	$ 302,068	$ 345,610

Note 17 - Donated Services and Materials

WITF receives services donated by people interested in WITF's programs. However, when the value of donated services is ascertainable and the services meet the requirements for financial statement recognition, they are reflected in the consolidated financial statement as revenue and expenses. There were no donated licensing agreements, equipment, or professional services recorded for each of the years ended June 30, 2018 and 2017.

Note 18 - Pension

WITF sponsors a defined benefit pension plan. The benefits under this plan were frozen effective April 30, 2005. In September 2006, an accounting standard was issued for *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. Effective for the fiscal year ended June 30, 2007, the Organizations adopted the provisions of this standard and recognized the funded status of the plan that it sponsors.

Guidance on fair value measurements establishes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable (refer to Note 3).

The following is a description of the valuation methodology used for plan investments measured at fair value. There has been no significant change in the methodology used during the years ended June 30, 2018 and 2017.

Level 1 - Fair Value Measurements

Investments in interest-bearing cash are stated at cost, which approximates fair value. The fair values of money market, equity securities, debt securities, government securities, and real estate investment trusts are based on quoted market prices reported in the active market on which the individual securities are traded. All of these investments are classified within Level 1 of the valuation hierarchy. The plan does not hold any Level 2 or 3 investments.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the plan's management believes the valuation methodology is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

Note 18 - Pension (continued)

The following table sets forth by level, within the fair value hierarchy, the plan's investments at fair value as of June 30:

	2018			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Equity Securities				
Mutual funds - domestic	**$ 2,445,141**	**$ 2,445,141**	**$ -**	**$ -**
Mutual funds - international	**904,910**	**904,910**	**-**	**-**
Total Equity Securities	**3,350,051**	**3,350,051**	**-**	**-**
Debt Securities				
Mutual funds	**1,835,246**	**1,835,246**	**-**	**-**
	$ 5,185,297	**$ 5,185,297**	**$ -**	**$ -**

	2017			
Cash and Money Market Fund	$ 446,654	$ 446,654	$ -	$ -
Equity Securities				
Common stocks	2,246,041	2,246,041	-	-
American Depositary Receipt (ADR)	666,133	666,133	-	-
Foreign stocks	169,170	169,170	-	-
Mutual funds	19,084	19,084	-	-
Total Equity Securities	3,100,428	3,100,428	-	-
Debt Securities				
Corporate bonds	699,019	699,019	-	-
Asset backed securities	202,287	202,287	-	-
Foreign bonds and notes	172,699	172,699	-	-
Private placements	61,826	61,826	-	-
Total Debt Securities	1,135,831	1,135,831	-	-
Government Securities				
AAA	374,340	374,340	-	-
Real Estate Investment Trusts	50,683	50,683	-	-
	$ 5,107,936	$ 5,107,936	$ -	$ -

Note 18 - Pension (continued)

The following table sets forth the Plan's funded status as of June 30, 2018 and 2017, and amounts recognized in WITF's consolidated statement of financial position as of June 30:

	2018	2017
Change in Benefit Obligation		
Projected benefit obligation at beginning of year	**$ 7,738,816**	$ 8,044,839
Experience loss	**64,780**	63,266
Interest cost	**272,055**	274,249
Change due to change in assumptions	**(370,010)**	(242,589)
Distributions	**(368,953)**	(400,949)
Projected benefit obligation at end of year	**7,336,688**	7,738,816
Change in Plan Assets		
Fair value of plan assets at beginning of year	**5,107,936**	4,998,693
Employer contributions	**199,222**	108,386
Actual return on plan assets	**247,092**	401,806
Distributions	**(368,953)**	(400,949)
Fair value of plan assets at end of year	**5,185,297**	5,107,936
Funded Status and Accrued Pension Liability	**$ (2,151,391)**	$ (2,630,880)

Items not yet recognized as a component of net periodic pension cost amounted to $3,920,351 and $4,184,963 for the years ended June 30, 2018 and 2017, respectively. Net periodic pension cost as of June 30, 2018 and 2017 is reported net of deferred tax expense of $137,000 and $179,000, respectively, for the portion related to Enterprises.

Net periodic pension cost included the following components for the years ended June 30:

	2018	2017
Interest cost	**$ 272,055**	$ 274,249
Amortization of net loss	**136,443**	136,531
Expected return on plan assets	**(424,152)**	(411,808)
Net Periodic Pension Cost	**$ (15,654)**	$ (1,028)

The plan’s funded status as of any measurement date is based on prevailing market conditions as to discount rate and plan assets and, accordingly, is subject to volatility.

Note 18 - Pension (continued)

The following weighted average rates were used in determining the actuarial present value of the projected benefit obligations and the related net periodic pension cost as of and for the years ended June 30:

	2018	2017
Discount rate	**3.98%**	3.62%
Expected long-term rate of return on plan assets	**8.50%**	8.50%
Rate of increase in future compensation levels	**-**	-

The expected long-term rate of return on plan assets (8.50%) reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The selected rate considers the historical and expected future investment trends of the present and expected assets in the plan.

The long-term stated investment objective is to maximize investment return for a given level of risk with a sole and exclusive purpose that the invested assets combined with future contributions shall be sufficient to meet all future benefits owed to plan participants. In order to meet these objectives, the plan intends to invest a target of 65% of total plan assets in equity securities of U.S. and foreign companies. A target of 35% of total plan assets are to be invested in fixed income. Investments in money market funds are permitted as needed for liquidity purposes or for temporary defensive purposes. Derivative investments require permission from the investment committee to be included in the portfolio.

Benefits expected to be paid to participants in each of the next five years, and in the aggregate for the subsequent years thereafter are as follows:

2019	**$ 421,750**
2020	**423,856**
2021	**433,901**
2022	**438,244**
2023	**444,813**
2024 to 2028	**2,280,872**

No contributions are expected to be paid to the plan during the next fiscal year.

Note 18 - Pension (continued)

The investment allocation of Plan assets consist of the following as of June 30:

	2018	2017
Cash and money markets	- %	9 %
Equity securities	65	61
Debt securities	35	22
Government securities	-	7
Real estate investment trust	-	1
	100 %	100 %

WITF had a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan was funded entirely by employee contributions. Effective October 1, 2000, WITF replaced the 403(b) plan with a defined contribution plan under Section 401(k) of the Internal Revenue Code covering employees who meet certain length of service requirements. WITF's expense under the plan for the years ended June 30, 2018 and 2017 amounted to $226,368 and $225,432, respectively.

Note 19 - Income Taxes

Income taxes for Enterprises consist of the following for the years ended June 30:

	2018	2017
Deferred tax expense (benefit), excluding effects of the following	$ (20,000)	$ 13,000
Expense (benefit) of net operating loss carryforwards	157,000	(170,000)
	$ 137,000	$ (157,000)

The federal income tax provision differs from the provision that would result from applying graduated federal statutory rates to income before income taxes because of the federal benefit of state income taxes and because certain transactions are without tax consequences.

The net deferred income taxes for Enterprises in the accompanying consolidated statement of financial position consist of the following as of June 30:

	2018		
	Federal	State	Total
Deferred income tax assets - current	$ 1,000	$ 1,000	$ 2,000
Deferred income tax assets - noncurrent	578,000	333,000	911,000
Deferred income tax liabilities - noncurrent	(47,000)	(25,000)	(72,000)
	$ 532,000	$ 309,000	$ 841,000

Note 19 - Income Taxes (continued)

	2017		
	Federal	State	Total
Deferred income tax assets - current	$ 4,000	$ 1,000	$ 5,000
Deferred income tax assets - noncurrent	840,000	301,000	1,141,000
Deferred income tax liabilities - noncurrent	(71,000)	(23,000)	(94,000)
	$ 773,000	$ 279,000	$ 1,052,000

Enterprises has federal net operating loss carryforwards of $2,864,411. Of this total, $191,129 will expire in fiscal year 2030, $9,533 will expire in fiscal year 2031, $788,378 will expire in fiscal year 2035, $1,024,272 will expire in fiscal year 2036, $418,340 will expire in fiscal year 2037, and $432,759 will expire in fiscal year 2038.

Enterprises has state net operating loss carryforwards of $3,111,289. Of this total, $438,007 will expire in fiscal year 2030, $9,533 will expire in fiscal year 2031, $788,378 will expire in fiscal year 2035, $1,024,272 will expire in fiscal year 2036, $418,340 will expire in fiscal year 2037, and $432,759 will expire in fiscal year 2038.

Note 20 - Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public telecommunication entities. CSG is used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily for program acquisition and general station operations.

The grants are reported on the accompanying consolidated financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the FCC.

Community Service Grants received during the years ended June 30, 2018 and 2017 amounted to $1,082,737 and $1,140,050, respectively.

Note 21 - Functional Expenses

The Organizations operate the WITF - TV and FM stations in Harrisburg, Pennsylvania. The functional expense classification of providing these services are as follows for the years ended June 30:

	2018	2017
Program Services	**$ 8,427,069**	$ 8,700,916
Supporting Services		
Fundraising	**2,312,640**	1,978,209
Management and general	**1,356,891**	1,478,528
	$ 12,096,600	$ 12,157,653

Note 22 - Concentrations of Cash and Credit Risk

At times during the years ended June 30, 2018 and 2017, the Organizations' cash balances may have exceeded the federally insured limit of $250,000.

The interest rate swap (refer to Note 14) exposes WITF to credit risk to the extent the swap has a positive fair value. A positive fair value indicates that the counterparty owes WITF money while a negative fair value indicates that WITF owes the counterparty. WITF manages this risk by dealing with high-quality counterparties.

Note 23 - Reclassifications

Certain information in the 2017 consolidated financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2018 consolidated financial statements. There was no change to total changes in net assets or total net assets.

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information

	June 30, 2018			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Assets				
Current Assets				
Cash and cash equivalents	$ 1,381,538	$ 27,748	$ -	$ 1,409,286
Accounts receivable, net	846,231	14,111	-	860,342
Accounts receivable - Spectrum Auction	-	-	-	-
Grants receivable	49,025	-	-	49,025
Contracts receivable	271,402	-	-	271,402
Inventory and prepaid expenses	169,862	1,923	-	171,785
Broadcast rights	29,923	-	-	29,923
Promises to give, net	232,064	-	-	232,064
Investments	7,877,122	-	-	7,877,122
Due from WITF Enterprises, Inc.	2,754,430	-	(2,754,430)	-
Deferred income taxes	-	2,000	-	2,000
Total Current Assets	13,611,597	45,782	(2,754,430)	10,902,949
Property and Equipment, Net	15,950,391	3,982	-	15,954,373
Other Assets				
Investments	23,251,645	-	-	23,251,645
Station license	910,000	-	-	910,000
Deferred income taxes	-	839,000	-	839,000
Promises to give, net	94,424	-	-	94,424
Interest in net assets of a community foundation	72,402	-	-	72,402
Prepaid pension asset	-	23,665	(23,665)	-
Investment in affiliates	(1,865,310)	-	1,865,310	-
Total Other Assets	22,463,161	862,665	1,841,645	25,167,471
Total Assets	$ 52,025,149	$ 912,429	$ (912,785)	$ 52,024,793

	June 30, 2018			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity				
Current Liabilities				
Current maturities of long-term debt	$ 680,056	$ -	$ -	$ 680,056
Current portion of obligations under capital leases	11,369	-	-	11,369
Accounts payable	431,066	4,741	-	435,807
Accrued payroll and vacation	243,645	17,859	-	261,504
Accrued and withheld payroll taxes	6,934	709	-	7,643
Deferred revenue	1,512,626	-	-	1,512,626
Accrued interest payable	59,872	-	-	59,872
Broadcast rights	5,689	-	-	5,689
Due to WITF, Inc.	-	2,754,430	(2,754,430)	-
Total Current Liabilities	2,951,257	2,777,739	(2,754,430)	2,974,566
Other Liabilities				
Long-term debt	13,332,195	-	-	13,332,195
Accrued pension liability	2,175,056	-	(23,665)	2,151,391
Deferred revenue	1,488,695	-	-	1,488,695
Interest rate swap liability	448,612	-	-	448,612
Charitable gift annuity obligation	108,585	-	-	108,585
Obligations under capital leases	12,790	-	-	12,790
Total Other Liabilities	17,565,933	-	(23,665)	17,542,268
Total Liabilities	20,517,190	2,777,739	(2,778,095)	20,516,834
Net Assets				
Unrestricted	30,325,106	-	-	30,325,106
Temporarily restricted	880,785	-	-	880,785
Permanently restricted	302,068	-	-	302,068
Total Restricted Net Assets	1,182,853	-	-	1,182,853
Total Net Assets	31,507,959	-	-	31,507,959
Stockholder's Equity				
Common stock	-	100	(100)	-
Paid-in capital	-	503,189	(503,189)	-
Accumulated other comprehensive loss	-	(172,879)	172,879	-
Retained earnings	-	(2,195,720)	2,195,720	-
Total Stockholder's Equity	-	(1,865,310)	1,865,310	-
Total Net Assets/ Stockholder's Equity	31,507,959	(1,865,310)	1,865,310	31,507,959
Total Liabilities and Net Assets/Stockholder's Equity	$ 52,025,149	$ 912,429	$ (912,785)	$ 52,024,793

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information (continued)

	June 30, 2017			
	WITF, Inc.	**WITF Enterprises, Inc.**	**Eliminations**	**Totals**
Assets				
Current Assets				
Cash and cash equivalents	$ 1,246,994	$ 18,916	$ -	$ 1,265,910
Accounts receivable, net	465,037	119,736	-	584,773
Accounts receivable - Spectrum Auction	25,054,617	-	-	25,054,617
Grants receivable	28,625	-	-	28,625
Contracts receivable	296,376	-	-	296,376
Inventory and prepaid expenses	175,104	5,124	-	180,228
Broadcast rights	30,968	-	-	30,968
Promises to give, net	448,072	-	-	448,072
Investments	7,764,020	-	-	7,764,020
Due from WITF Enterprises, Inc.	2,419,340	-	(2,419,340)	-
Deferred income taxes	-	5,000	-	5,000
Total Current Assets	37,929,153	148,776	(2,419,340)	35,658,589
Property and Equipment, Net	16,457,565	4,724	-	16,462,289
Other Assets				
Investments	641,847	-	-	641,847
Station license	910,000	-	-	910,000
Deferred income taxes	-	1,047,000	-	1,047,000
Promises to give, net	129,660	-	-	129,660
Interest in net assets of a community foundation	70,209	-	-	70,209
Prepaid pension asset	-	-	-	-
Investment in affiliates	(1,361,903)	-	1,361,903	-
Total Other Assets	389,813	1,047,000	1,361,903	2,798,716
Total Assets	$ 54,776,531	$ 1,200,500	$ (1,057,437)	$ 54,919,594

	June 30, 2017			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity				
Current Liabilities				
Current maturities of long-term debt	$ 705,350	$ -	$ -	$ 705,350
Current portion of obligations under capital leases	9,156	-	-	9,156
Accounts payable	954,288	14,379	-	968,667
Accrued payroll and vacation	226,911	16,109	-	243,020
Accrued and withheld payroll taxes	8,657	473	-	9,130
Deferred revenue	1,441,674	-	-	1,441,674
Accrued interest payable	64,524	-	-	64,524
Broadcast rights	4,324	-	-	4,324
Due to WITF, Inc.	-	2,419,340	(2,419,340)	-
Total Current Liabilities	3,414,884	2,450,301	(2,419,340)	3,445,845
Other Liabilities				
Long-term debt	14,012,251	-	-	14,012,251
Accrued pension liability	2,518,778	112,102	-	2,630,880
Deferred revenue	1,938,588	-	-	1,938,588
Interest rate swap liability	947,151	-	-	947,151
Charitable gift annuity obligation	116,726	-	-	116,726
Obligations under capital leases	17,940	-	-	17,940
Total Other Liabilities	19,551,434	112,102	-	19,663,536
Total Liabilities	22,966,318	2,562,403	(2,419,340)	23,109,381
Net Assets				
Unrestricted	30,496,347	-	-	30,496,347
Temporarily restricted	968,256	-	-	968,256
Permanently restricted	345,610	-	-	345,610
Total Restricted Net Assets	1,313,866	-	-	1,313,866
Total Net Assets	31,810,213	-	-	31,810,213
Stockholder's Equity				
Common stock	-	100	(100)	-
Paid-in capital	-	503,189	(503,189)	-
Accumulated other comprehensive loss	-	(217,198)	217,198	-
Retained earnings	-	(1,647,994)	1,647,994	-
Total Stockholder's Equity	-	(1,361,903)	1,361,903	-
Total Net Assets/ Stockholder's Equity	31,810,213	(1,361,903)	1,361,903	31,810,213
Total Liabilities and Net Assets/Stockholder's Equity	$ 54,776,531	$ 1,200,500	$ (1,057,437)	$ 54,919,594

WITF, Inc. and Subsidiary

Consolidating Schedule of Activities Information

	Year Ended June 30, 2018						
	WITF, Inc.						
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	WITF Enterprises, Inc.	Eliminations	Total
Revenue							
Contributions	$ 5,050,613	$ 197,570	$ 1,300	$ 5,249,483	$ -	$ -	$ 5,249,483
Fees and rentals	3,437,816	85,325	-	3,523,141	241,952	-	3,765,093
Program underwriting	-	1,236,488	-	1,236,488	-	-	1,236,488
Interest income	648,505	-	-	648,505	-	-	648,505
Gain on sale of investments	528,951	-	-	528,951	-	-	528,951
Gain on sale of property and equipment	581	-	-	581	-	-	581
Net assets released from restrictions	1,606,854	(1,606,854)	-	-	-	-	-
Management fee income	166,645	-	-	166,645	-	(166,645)	-
Investment in subsidiary income	(503,407)	-	-	(503,407)	-	503,407	-
Total Revenue	10,936,558	(87,471)	1,300	10,850,387	241,952	336,762	11,429,101
Expenses							
Programming and production	4,033,485	-	-	4,033,485	-	-	4,033,485
Broadcasting	3,344,099	-	-	3,344,099	486,033	-	3,830,132
Fundraising	2,312,640	-	-	2,312,640	-	-	2,312,640
Management and general	1,356,891	-	-	1,356,891	-	-	1,356,891
Telecommunications	268,530	-	-	268,530	-	-	268,530
Program information	151,822	-	-	151,822	-	-	151,822
Income taxes	6,100	-	-	6,100	137,000	-	143,100
Total Expenses	11,473,567	-	-	11,473,567	623,033	-	12,096,600
Excess (Deficiency) of Revenue over (under) Expenses	(537,009)	(87,471)	1,300	(623,180)	(381,081)	336,762	(667,499)
Change in Interest in Net Assets of a Community Foundation	2,193	-	-	2,193	-	-	2,193
Unrealized Holding Losses on Investments	(279,666)	-	(44,842)	(324,508)	-	-	(324,508)
Change in Fair Value of Interest Rate Swap	498,539	-	-	498,539	-	-	498,539
Change in Charitable Gift Annuity Obligation	(1,591)	-	-	(1,591)	-	-	(1,591)
Gain on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	146,293	-	-	146,293	44,319	-	190,612
Management Fee Expense	-	-	-	-	(166,645)	166,645	-
Changes in Net Assets/Net Income	$ (171,241)	$ (87,471)	$ (43,542)	$ (302,254)	$ (503,407)	$ 503,407	$ (302,254)

	Year Ended June 30, 2017						
	WITF, Inc.						
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	WITF Enterprises, Inc.	Eliminations	Total
Revenue							
Contributions	$ 4,921,355	$ 94,148	$ -	$ 5,015,503	$ -	$ -	$ 5,015,503
Fees and rentals	3,489,456	-	-	3,489,456	714,595	-	4,204,051
Program underwriting	-	1,330,363	-	1,330,363	-	-	1,330,363
Interest income	127,257	-	-	127,257	-	-	127,257
Gain on sale of investments	54,715	-	-	54,715	-	-	54,715
Gain on sale of property and equipment	-	-	-	-	-	-	-
Net assets released from restrictions	1,899,081	(1,899,081)	-	-	-	-	-
Management fee income	290,148	-	-	290,148	-	(290,148)	-
Investment in subsidiary income	31,301	-	-	31,301	-	(31,301)	-
Total Revenue	10,813,313	(474,570)	-	10,338,743	714,595	(321,449)	10,731,889
Expenses							
Programming and production	3,921,147	-	-	3,921,147	-	-	3,921,147
Broadcasting	3,053,259	-	-	3,053,259	811,382	-	3,864,641
Fundraising	1,978,209	-	-	1,978,209	-	-	1,978,209
Management and general	1,478,528	-	-	1,478,528	-	-	1,478,528
Telecommunications	809,232	-	-	809,232	-	-	809,232
Program information	182,145	-	-	182,145	-	-	182,145
Income taxes	80,751	-	-	80,751	(157,000)	-	(76,249)
Total Expenses	11,503,271	-	-	11,503,271	654,382	-	12,157,653
Excess (Deficiency) of Revenue over (under) Expenses	(689,958)	(474,570)	-	(1,164,528)	60,213	(321,449)	(1,425,764)
Change in Interest in Net Assets of a Community Foundation	3,943	-	-	3,943	-	-	3,943
Unrealized Holding Gains on Investments	346,559	-	17,287	363,846	-	-	363,846
Change in Fair Value of Interest Rate Swap	690,778	-	-	690,778	-	-	690,778
Change in Charitable Gift Annuity Obligation	(4,674)	-	-	(4,674)	-	-	(4,674)
Gain (Loss) on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	(134,384)	-	-	(134,384)	261,236	-	126,852
Proceeds from Spectrum Auction	25,054,617	-	-	25,054,617	-	-	25,054,617
Management Fee Expense	-	-	-	-	(290,148)	290,148	-
Changes in Net Assets/Net Income	$ 25,266,881	$ (474,570)	$ 17,287	$ 24,809,598	$ 31,301	$ (31,301)	$ 24,809,598

WITF, Inc. and Subsidiary

Consolidating Schedule of Changes in Net Assets/Stockholder's Equity Information

	Years Ended June 30, 2018 and 2017										
	WITF, Inc.				WITF Enterprises, Inc.						
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Common Stock	Paid-in Capital	Accumulated Comprehensive Loss	Retained Earnings (Deficit)	Totals	Eliminations	Totals
Net Assets/Stockholder's Equity, June 30, 2016	$ 5,229,466	$ 1,442,826	$ 328,323	$ 7,000,615	$ 100	$ 503,189	$ (478,434)	$ (1,418,059)	$ (1,393,204)	$ 1,393,204	$ 7,000,615
Changes in net assets/net loss	25,266,881	(474,570)	17,287	24,809,598	-	-	-	(229,935)	(229,935)	229,935	24,809,598
Other comprehensive loss for net periodic pension costs, net of $179,000 of deferred tax expense	-	-	-	-	-	-	261,236	-	261,236	(261,236)	-
Net Assets/Stockholder's Equity, June 30, 2017	30,496,347	968,256	345,610	31,810,213	100	503,189	(217,198)	(1,647,994)	(1,361,903)	1,361,903	31,810,213
Changes in net assets/net loss	**(171,241)**	**(87,471)**	**(43,542)**	**(302,254)**	**-**	**-**	**-**	**(547,726)**	**(547,726)**	**547,726**	**(302,254)**
Other comprehensive income for net periodic pension costs, net of $137,000 of deferred tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**44,319**	**-**	**44,319**	**(44,319)**	**-**
Net Assets/Stockholder's Equity, June 30, 2018	**$ 30,325,106**	**$ 880,785**	**$ 302,068**	**$ 31,507,959**	**$ 100**	**$ 503,189**	**$ (172,879)**	**$ (2,195,720)**	**$ (1,865,310)**	**$ 1,865,310**	**$ 31,507,959**

WITF, Inc. and Subsidiary

Consolidating Schedule of Revenue Information

	Year Ended June 30, 2018			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Memberships	$ 2,101,951	$ -	$ -	$ 2,101,951
Educational Broadband Service	1,283,547	-	-	1,283,547
Program underwriting	1,236,488	-	-	1,236,488
Federal grants	1,099,170	-	-	1,099,170
Program revenue	993,737	-	-	993,737
Satellite uplink services	868,324	-	-	868,324
Special gifts	810,983	-	-	810,983
Interest income	648,505	-	-	648,505
Gain on sale of investments	528,951	-	-	528,951
Other grants	420,446	-	-	420,446
Cash contributions	416,839	-	-	416,839
State grants	250,000	-	-	250,000
Tower rental	218,992	-	-	218,992
TV revenue	146,098	-	-	146,098
Radio PA revenue	-	130,272	-	130,272
NASRN advertising revenue	-	111,680	-	111,680
Equipment rental	78,445	-	-	78,445
Teleconference revenue	30,320	-	-	30,320
Miscellaneous income	26,263	-	-	26,263
Special events	19,535	-	-	19,535
Fundraising campaign	3,996	-	-	3,996
School district revenue	3,940	-	-	3,940
Gain on sale of property and equipment	581	-	-	581
Sale of premiums	38	-	-	38
Topflight media revenue	-	-	-	-
Management fee income	166,645	-	(166,645)	-
Investment in subsidiary income	(503,407)	-	503,407	-
	$ 10,850,387	$ 241,952	$ 336,762	$ 11,429,101

	Year Ended June 30, 2017			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Memberships	$ 1,977,342	$ -	$ -	$ 1,977,342
Educational Broadband Service	1,283,547	-	-	1,283,547
Program underwriting	1,330,363	-	-	1,330,363
Federal grants	1,157,068	-	-	1,157,068
Program revenue	851,622	-	-	851,622
Satellite uplink services	989,713	-	-	989,713
Special gifts	591,352	-	-	591,352
Interest income	127,257	-	-	127,257
Gain on sale of investments	54,715	-	-	54,715
Other grants	221,378	-	-	221,378
Cash contributions	636,540	-	-	636,540
State grants	250,000	-	-	250,000
Tower rental	217,853	-	-	217,853
TV revenue	125,425	-	-	125,425
Radio PA revenue	-	208,954	-	208,954
NASRN advertising revenue	-	260,370	-	260,370
Equipment rental	41,515	-	-	41,515
Teleconference revenue	40,020	-	-	40,020
Miscellaneous income	5,753	3,000	-	8,753
Special events	55,205	-	-	55,205
Fundraising campaign	56,398	-	-	56,398
School district revenue	4,060	-	-	4,060
Gain on sale of property and equipment	-	-	-	-
Sale of premiums	168	-	-	168
Topflight media revenue	-	242,271	-	242,271
Management fee income	290,148	-	(290,148)	-
Investment in subsidiary income	31,301	-	(31,301)	-
	$ 10,338,743	$ 714,595	$ (321,449)	$ 10,731,889

WITF, Inc. and Subsidiary

Consolidating Schedule of Functional Expenses Information - by Natural Classification

	Year Ended June 30, 2018								Year Year Ended June 30, 2017
	Program Services				Support Services				
	Programming and Production	Broadcasting and Income Taxes	Program Information	Education	Fundraising	Management and General	Eliminations and Adjustments	Totals	Totals
Salaries	$ 767,985	$ 817,633	$ 7,379	$ 103,181	$ 1,000,991	$ 607,886	$ -	$ 3,305,055	$ 3,147,686
Depreciation and amortization	451,461	628,949	5,134	3,375	86,982	124,030	-	1,299,931	1,379,129
Program acquisition	727,502	570,938	-	-	-	-	-	1,298,440	1,298,901
Direct labor	445,456	329,999	-	48,036	17,368	-	-	840,859	682,984
Interest expense	368,698	105,318	7,064	1,951	96,566	147,126	-	726,723	766,997
Operating expenses of subsidiary, including depreciation expense of $742	-	486,033	-	-	-	-	-	486,033	811,382
Group life and hospitalization	103,561	93,589	244	2,537	84,340	42,677	-	326,948	301,680
Station compensation	214,286	75,669	-	-	-	-	-	289,955	218,750
Payroll taxes	87,010	77,473	432	8,687	70,300	35,846	-	279,748	262,445
Affiliate dues and fees	142,377	76,720	-	-	-	19,300	-	238,397	253,751
Direct mail promotion	-	-	-	-	227,319	-	-	227,319	221,190
Pension	59,937	53,791	446	5,789	50,495	26,325	-	196,783	200,118
Power and light	74,559	80,677	998	276	13,650	20,796	-	190,956	203,922
Professional fees	68,283	38,568	231	4,728	31,843	46,639	-	190,292	151,028
Maintenance and repairs	69,635	55,998	772	599	13,868	30,745	-	171,617	208,461
Cost of premiums	-	-	370	-	168,887	-	-	169,257	203,885
Dues and subscriptions	84,511	35,538	-	758	11,026	19,546	-	151,379	105,773
Rent, tower site	90,005	59,768	-	-	-	-	-	149,773	144,147
Income taxes of subsidiary	-	137,000	-	-	-	-	-	137,000	(157,000)
Banking fees	33,760	-	-	-	-	101,657	-	135,417	144,801
Barter expense	4,737	2,896	121,465	304	2,608	2,655	-	134,665	169,078
Travel and entertainment	25,292	10,697	2,003	7,614	57,496	16,278	-	119,380	103,522
Insurance	29,761	36,126	380	684	8,751	25,712	-	101,414	96,235
Consulting services	15,639	27,947	-	17,468	3,575	32,841	-	97,470	149,768
Internet access	19,901	51,685	-	1,225	10,522	13,416	-	96,749	79,757
Pledge activity	-	-	-	-	94,128	-	-	94,128	105,908
Provision for uncollectible accounts	10,288	-	-	-	83,729	-	-	94,017	331,313
Membership maintenance	-	-	-	-	75,369	-	-	75,369	70,851
Outside printing	3,199	184	4,617	6,738	47,442	430	-	62,610	45,746
Miscellaneous supplies	3,012	2,923	55	39,665	1,662	187	-	47,504	26,713
Telephone	12,983	14,333	-	648	8,767	9,347	-	46,078	52,851
Other expenses	26,883	15,401	-	505	-	56	-	42,845	39,696

	Year Ended June 30, 2018								Year Year Ended June 30, 2017
	Program Services				Support Services				
	Programming and Production	Broadcasting and Income Taxes	Program Information	Education	Fundraising	Management and General	Eliminations and Adjustments	Totals	Totals
Amortization of broadcast rights	32,229	-	-	-	-	-	-	32,229	25,756
Special surveys	7,204	23,825	-	-	-	-	-	31,029	36,544
Postage	6,774	3,317	-	3,206	11,665	3,037	-	27,999	23,310
Pennsylvania unemployment insurance	11,102	7,605	13	593	5,581	2,620	-	27,514	39,854
Training	2,887	11,855	-	519	1,609	9,598	-	26,468	7,852
Other building utilities	9,996	6,855	192	53	2,618	3,989	-	23,703	20,959
Other employee benefits	4,221	6,312	26	526	3,543	2,115	-	16,743	18,505
Miscellaneous	3,882	1,280	-	190	6,497	1,687	-	13,536	16,744
Data processing supplies	3,115	4,031	-	256	1,674	1,704	-	10,780	9,012
Office supplies	737	6,014	-	47	1,533	539	-	8,870	6,846
Recruitment	2,563	3,214	-	164	1,411	1,437	-	8,789	4,816
Telemarketing	-	-	-	-	7,681	-	-	7,681	6,374
Rent, equipment	1,095	13	1	5,475	12	18	-	6,614	11,437
Gas and oil, vehicles	3,422	1,058	-	56	141	1,482	-	6,159	14,243
Income taxes	-	6,100	-	-	-	-	-	6,100	80,751
Advertising expense	1,728	2,345	-	233	991	-	-	5,297	3,415
Taxes and licenses	-	-	-	-	-	5,170	-	5,170	550
Award entry fees	1,130	3,555	-	260	-	-	-	4,945	2,716
Direct material	540	-	-	2,000	-	-	-	2,540	4,570
Video heads and tapes	139	-	-	-	-	-	-	139	1,345
Audio supplies	-	-	-	100	-	-	-	100	-
Art supplies	-	-	-	84	-	-	-	84	8
Lighting supplies	-	-	-	-	-	-	-	-	578
	$ 4,033,485	$ 3,973,232	$ 151,822	$ 268,530	$ 2,312,640	$ 1,356,891	$ -	$ 12,096,600	$ 12,157,653

WITF, Inc. and Subsidiary

Schedule of Activities Information - TV and FM

	Year Ended June 30, 2018		
	TV	FM	Consolidated
Revenue			
Contributions	$ 3,357,117	$ 1,892,366	$ 5,249,483
Fees and rentals	3,341,823	423,270	3,765,093
Program underwriting	456,219	780,269	1,236,488
Interest income	421,528	226,977	648,505
Gain on sale of investments	343,818	185,133	528,951
Gain on sale of property and equipment	378	203	581
Total Revenue	7,920,883	3,508,218	11,429,101
Expenses			
Programming and production	4,033,485	-	4,033,485
Broadcasting	-	3,830,132	3,830,132
Fundraising	1,375,163	937,477	2,312,640
Management and general	881,979	474,912	1,356,891
Education	174,545	93,985	268,530
Program information	151,822	-	151,822
Income taxes	-	143,100	143,100
Total Expenses	6,616,994	5,479,606	12,096,600
Excess (Deficiency) of Revenue over Expenses	1,303,889	(1,971,388)	(667,499)
Change in Interest in Net Assets of a Community Foundation	1,425	768	2,193
Unrealized Holding Losses on Investments	(210,930)	(113,578)	(324,508)
Change in Fair Value of Interest Rate Swap	324,050	174,489	498,539
Change in Charitable Gift Annuity Obligation	(1,034)	(557)	(1,591)
Gain on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	123,898	66,714	190,612
Changes in Net Assets	$ 1,541,298	$ (1,843,552)	$ (302,254)