Window to the World Communications, Inc.

Financial Statements For the Years Ended
June 30, 2012 and 2011

{ Financial Statements }

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Window to the World Communications, Inc.
(A Private Nonprofit Corporation)

Years Ended June 30, 2012 and 2011

Contents

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Independent Auditor's Report

Board of Trustees
Window to the World Communications, Inc.
Chicago, Illinois

We have audited the accompanying statement of financial position of **Window To The World Communications, Inc.** (A Private Nonprofit Corporation) (WWCI) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **WWCI's** management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of **WWCI** as of June 30, 2011 and for the year then ended were audited by Blackman Kallick, LLP, whose report dated October 27, 2011 expressed an unqualified opinion on those statements. Blackman Kallick, LLP subsequently merged into Plante & Moran, PLLC.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of **Window To The World Communications, Inc.** as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

October 18, 2012

Window to the World Communications, Inc.

Years Ended June 30, 2012 and 2011

Financial Statements

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statements of Financial Position

June 30, 2012 and 2011

Assets		**2012**		**2011**
Current assets:				
Cash and cash equivalents	$	891,000	$	415,996
Accounts receivable, net		2,397,647		2,612,887
Pledges receivable, net		2,166,421		85,000
Program rights and other assets		825,343		839,330
Total current assets		6,280,411		3,953,213
Cash held on behalf of Chicago News Cooperative		-		235,131
Long-term pledges receivable, net		991,965		-
Beneficial interest in trust		696,511		777,930
Noncurrent program rights and other assets		418,769		447,638
Investments (including redemptions of investments in transit)		28,421,250		29,710,719
Property and equipment, net		18,490,970		20,072,155
Federal Communications Commission license		327,123		327,123
Total assets	**$**	**55,626,999**	**$**	**55,523,909**
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	$	2,837,928	$	3,113,703
Severance liability		191,266		306,474
Accrued vacation		1,136,872		1,109,418
Deferred revenue		1,676,102		2,142,980
Total current liabilities		5,842,168		6,672,575
Fiscal agent liabilities for Chicago News Cooperative		-		235,131
Long-term bonds payable		21,300,000		21,300,000
Long-term interest rate swap		1,898,872		1,984,172
Long-term deferred revenue and accrued expenses		1,093,297		1,032,627
Total liabilities		30,134,337		31,224,505
Net assets:				
Unrestricted:				
Operating		(9,458,946)		(8,582,958)
Board-designated endowment		23,193,965		24,003,161
Total unrestricted		13,735,019		15,420,203
Temporarily restricted		8,179,181		5,296,489
Permanently restricted		3,578,462		3,582,712
Total net assets		25,492,662		24,299,404
Total liabilities and net assets	**$**	**55,626,999**	**$**	**55,523,909**

See accompanying notes to financial statements.

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statement of Activities

Year Ended June 30, 2012

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Operating activities:				
Revenue and public support:				
Direct public support and program service revenue:				
Viewer and listener marketing	$ 14,228,912	$ -	$ -	$ 14,228,912
TV and radio underwriting/advertising	7,267,335	-	-	7,267,335
National and Local TV production contracts	1,725,374	-	-	1,725,374
Development and special events	4,002,274	6,099	-	4,008,373
Media infrastructure grant	-	5,005,264	-	5,005,264
Web and print sponsorship/advertising	163,059	-	-	163,059
Net assets released from restrictions	1,884,886	(1,884,886)	-	-
Change in donor designation	25,000	-	(25,000)	-
	29,296,840	3,126,477	(25,000)	32,398,317
Government grants:				
U.S. Department of Education grant	7,714,252	-	-	7,714,252
Federal and state grants	3,659,066	-	-	3,659,066
	11,373,318	-	-	11,373,318
Program licensing and facilities rental	2,397,630	-	-	2,397,630
Corporate support from endowments	876,460	65,045	-	941,505
Corporate support from investments	819,495	-	-	819,495
Miscellaneous	448,843	-	-	448,843
Net endowment assets released from restrictions	65,045	(65,045)	-	-
	4,607,473	-	-	4,607,473
Total revenue and public support	45,277,631	3,126,477	(25,000)	48,379,108
Expenses:				
Program:				
Develop, acquire and deliver local content	19,032,522	-	-	19,032,522
U.S. Department of Education project	7,636,286	-	-	7,636,286
National TV productions	846,884	-	-	846,884
Sales and syndication	4,350,182	-	-	4,350,182
Corporate communications	523,245	-	-	523,245
	32,389,119	-	-	32,389,119
Supporting services:				
Viewer and listener marketing	7,124,680	-	-	7,124,680
Business support	3,831,910	-	-	3,831,910
Development and special events	1,916,795	-	-	1,916,795
	12,873,385	-	-	12,873,385
Total expenses	45,262,504	-	-	45,262,504
Increase (decrease) in net assets from operating activities before severance and other income (expenses)	15,127	3,126,477	(25,000)	3,116,604
Severance and other income (expenses):				
Investment earnings, net of expenses	51,258	(178,740)	-	(127,482)
Operating transfer	(1,695,955)	(65,045)	-	(1,761,000)
Severance	(140,915)	-	-	(140,915)
Non cash interest rate swap gain	85,301	-	-	85,301
Endowment giving	-	-	20,750	20,750
(Decrease) increase in net assets from severance and other income (expenses)	(1,700,311)	(243,785)	20,750	(1,923,346)
Increase (decrease) in net assets	(1,685,184)	2,882,692	(4,250)	1,193,258
Net assets, beginning of year	15,420,203	5,296,489	3,582,712	24,299,404
Net assets, end of year	**$ 13,735,019**	**$ 8,179,181**	**$ 3,578,462**	**$ 25,492,662**

See accompanying notes to financial statements.

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statement of Activities

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:				
Revenue and public support:				
Direct public support and program service revenue:				
Viewer and listener marketing	$ 14,573,627	$ -	$ -	$ 14,573,627
TV and radio underwriting/advertising	7,237,709	-	-	7,237,709
National and local TV production contracts	1,212,862	-	-	1,212,862
Development and special events	5,600,002	487,715	-	6,087,717
Web and print sponsorship/advertising	232,117	-	-	232,117
Net assets released from restrictions	1,103,271	(1,103,271)	-	-
	29,959,588	(615,556)	-	29,344,032
Government grants:				
U.S. Department of Education grant	4,601,860	-	-	4,601,860
Federal grants	3,634,194	-	-	3,634,194
	8,236,054	-	-	8,236,054
Program licensing and facilities rental	2,510,543	-	-	2,510,543
Corporate support from endowments	888,719	207,281	-	1,096,000
Miscellaneous	225,285	-	-	225,285
Change in donor designation	-	-	-	-
Net endowment assets released from restrictions	207,281	(207,281)	-	-
	3,831,828	-	-	3,831,828
Total revenue and public support	42,027,470	(615,556)	-	41,411,914
Expenses:				
Program:				
Develop, acquire and deliver local content	18,802,675	-	-	18,802,675
U.S. Department of Education project	4,487,999	-	-	4,487,999
National TV productions	1,356,018	-	-	1,356,018
Sales and syndication	4,500,208	-	-	4,500,208
Corporate communications	495,918	-	-	495,918
	29,642,818	-	-	29,642,818
Supporting services:				
Viewer and listener marketing	6,889,161	-	-	6,889,161
Business support	3,677,630	-	-	3,677,630
Development and special events	1,762,719	-	-	1,762,719
	12,329,510	-	-	12,329,510
Total expenses	41,972,328	-	-	41,972,328
Increase (decrease) in net assets from operating activities before other income	55,142	(615,556)	-	(560,414)
Other income (expenses):				
Investment earnings, net of expenses	4,414,840	749,951	-	5,164,791
Operating transfer	(888,719)	(207,281)	-	(1,096,000)
Non cash interest rate swap gain	172,513	-	-	172,513
Endowment giving	-	11,000	25,950	36,950
Increase in net assets from investments and other income	3,698,634	553,670	25,950	4,278,254
Increase (decrease) in net assets	3,753,776	(61,886)	25,950	3,717,840
Net assets, beginning of year	11,666,427	5,358,375	3,556,762	20,581,564
Net assets, end of year	**$ 15,420,203**	**$ 5,296,489**	**$ 3,582,712**	**$ 24,299,404**

See accompanying notes to financial statements.

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Increase in net assets	$ 1,193,258	$ 3,717,840
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization of property and equipment	2,299,957	2,561,205
Gain on interest rate swap agreement	(85,300)	(172,513)
Net gain on sales of assets	(9,825)	-
Gifts restricted for long-term investment	(20,750)	(25,950)
Change in donor designation	25,000	-
Net realized gain on sale of investments	(1,543,701)	(530,599)
Net change in unrealized loss (gain) on investments	230,523	(4,254,705)
Changes in current assets and liabilities:		
Accounts receivable, net	215,240	(1,171,025)
Pledges receivable, net	(2,081,421)	-
Program rights and other assets	13,987	(143,761)
Accounts payable and accrued expenses	(275,775)	(200,782)
Severance liability	(115,208)	(1,743,723)
Accrued vacation	27,454	(141,719)
Deferred revenue	(466,878)	436,172
Changes in noncurrent assets and liabilities:		
Cash held on behalf of Chicago News Cooperative	235,131	105,940
Fiscal agent liabilities for Chicago News Cooperative	(235,131)	(105,940)
Pledges receivable, net	(991,965)	191,696
Beneficial interest in trust	81,419	(113,162)
Program rights and other assets	28,869	(190,342)
Accrued expenses and deferred rent	60,670	7,491
Net cash used in operating activities	(1,414,446)	(1,773,877)
Cash flows from investing activities:		
Purchases of property and equipment	(718,773)	(652,307)
Proceeds from disposals of property and equipment	9,825	-
Purchases of investments	(2,658,154)	(2,449,262)
Sales of investments	5,260,802	4,123,375
Net cash provided by investing activities	1,893,700	1,021,806
Cash flows from financing activities:		
Borrowings under line of credit	6,500,000	9,250,000
Repayments of line of credit	(6,500,000)	(9,250,000)
Gifts restricted for long-term investment	20,750	25,950
Change in donor designation	(25,000)	-
Net cash (used in) provided by financing activities	(4,250)	25,950
Net increase (decrease) in cash and cash equivalents	475,004	(726,121)
Cash and cash equivalents, beginning of year	415,996	1,142,117
Cash and cash equivalents, end of year	**$ 891,000**	**$ 415,996**

See accompanying notes to financial statements.

(1) Organization

Window To The World Communications, Inc. (WWCI) is a private nonprofit corporation. WWCI owns and operates WTTW, a public TV station and a national TV production center, and WFMT, a commercial FM fine arts radio station and radio network. WWCI's mission is to provide distinctive and diverse programming to Chicago and national audiences through broadcast, production, online and other media.

A significant portion of WWCI's funding comes from viewers, listeners, government grants, foundations, corporations, board members and other major gifts.

(2) Summary of Significant Accounting Policies

The accompanying WWCI financial statements have been prepared on the accrual basis of accounting. Significant accounting policies followed in the preparation of these financial statements are described below.

(a) Basis of Presentation

WWCI's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity (revenue, expenses, gains and losses) are classified as follows:

Unrestricted – net assets that are not subject to donor-imposed restrictions, and include the carrying value of physical properties (buildings and equipment). Items that affect this net asset category include program service revenue and related expenses associated with the core media activities of WWCI. In addition to these exchange transactions, changes in this category of net assets include certain types of philanthropic support (i.e., unrestricted gifts and restricted gifts whose donor-imposed restrictions were met during the fiscal year) and unrestricted investment earnings (losses) on endowments.

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Temporarily restricted – net assets that are subject to donor-imposed restrictions that will be met either by actions of WWCI and/or the passage of time. Items that affect this net asset category are restricted gifts and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified to unrestricted net assets when such restrictions have been met, have expired or when specific assets have been depreciated.

Permanently restricted – net assets that are subject to donor-imposed restrictions which require that they be maintained permanently by WWCI. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income be made available for general operations.

(b) Direct Public Support and Program Service Revenue

Direct public support (contributions) and program service revenue is derived from various revenue sources which includes, but is not limited to viewer and listener marketing, TV and radio underwriting/advertising, national TV production contracts and development.

Contributions, including unconditional promises, are recognized as revenue when the donor’s commitment is received. Unconditional promises are recognized at the fair value of the future cash flows, net of allowances. An allowance for uncollectible pledges receivable is provided based upon management’s judgment and analysis regarding such factors as the creditworthiness of the donor, prior collection history, type of contribution and nature of fundraising activity. Contributions received with donor-imposed restrictions are reported as revenue of the temporarily and permanently restricted net asset classes. Conditional promises are recorded when donor stipulations are substantially met.

Viewer and listener marketing revenue consists of memberships (individual pledges) from on-air pledge drives and direct mail/telemarketing contributions.

TV and radio program underwriting/advertising revenue is recorded on a pro rata basis over the related broadcast period.

National TV production contract revenue is recognized on an estimated percentage-of-completion basis.

Development revenue consists of corporate, foundation and individual contributions.

(c) Federal and State Grants

Revenue from the U.S. Department of Education grant, the Corporation for Public Broadcasting (CPB) grant and the State of Illinois grant is recognized as unrestricted grant revenue as expenses are incurred on the underlying projects.

(d) Operations

Operating results in the statements of activities reflect all operating transactions increasing or decreasing unrestricted net assets except those related to endowed gifts and severance. Changes in the value of charitable trusts held by others, changes in the value of temporarily restricted net assets and earnings on endowment and board-designated funds have been reflected in other income (expenses) with the exception of board-approved transfers for operations.

(e) Severance and Other Income (Expenses)

During fiscal year 2012, WWCI recognized expenses of $140,915 as a result of severance benefits related to job eliminations.

(f) Conditional Asset Retirement Obligations

Accounting principles generally accepted in the United States of America (GAAPUSA) state that companies must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional.

WWCI has identified asbestos removal as a conditional asset retirement obligation. Asbestos removal was estimated using site-specific quotes that amounted to $70,450 and was recorded as a liability and as an increase to the asset in fiscal year 2006. The capitalized portion was depreciated over the remaining useful life of the asset. WWCI believes that the most reasonable remaining useful life should be consistent with the depreciation policy.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and money market accounts with original maturities of three months or less, except that such instruments purchased with endowment assets are classified as investments. WWCI maintains its cash and cash equivalents with Bank of America and although amounts in bank deposit accounts may exceed federally insured limits at times, WWCI believes that it is not exposed to any significant credit risk on cash and cash equivalents.

(h) Fair Value Measurements

WWCI reports significant transfers between Level 1 and Level 2 and the reasons for those transfers, as well as disclosing the reason for transfers in and out of Level 3. Additionally, the guidance requires WWCI to clarify existing disclosure requirements about the level of disaggregation and inputs and valuation techniques. The adoption of this guidance did not have an impact on WWCI’s financial statements, other than expanded disclosures.

The guidance also requires the reconciliation of changes in Level 3 fair value measurements to present purchases, sales and settlements separately on a gross basis rather than as a net amount, effective for fiscal years beginning after December 10, 2010. The adoption of the guidance for Level 3 activity did not have a significant impact on its financial statements or disclosures.

(i) Endowment

GAAPUSA addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA was enacted in Illinois effective June 30, 2009. A key component of UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

(j) Investments

Investments are reported at fair value. For alternative investments, fair value is estimated as the net asset value per share provided by the investee as a practical expedient (as disclosed in Note 4). Investment earnings or loss (including realized gains and losses on investments, changes in unrealized holding gains and losses, interest and dividends) on investments that are not restricted by donors are included in investment returns in the statements of activities. Interest and dividend income is recorded on the accrual basis. Realized gains and losses are determined based on specific identification of securities sold.

WWCI's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments may occur in the near term and may materially affect the amounts reported in the financial statements.

(k) Depreciation

Under WWCI's capitalization policy, costs of acquiring property and equipment for purchases exceeding $1,000 are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The useful lives used are as follows: building, 60 years or the remaining life of the lease; technical equipment and furniture and fixtures, 5 to 10 years; and leasehold improvements, the lesser of the remaining life of the lease or the useful life of the leasehold improvements.

(l) FCC License

The cost of the WFMT license issued by the Federal Communications Commission (FCC) to WWCI has not been amortized since December 31, 1970. WWCI assesses the asset annually for impairment and believes there has been no decrease in the value of this license.

(m) Use of Estimates

The preparation of financial statements in conformity with GAAPUSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(n) Financial Instruments

GAAPUSA addresses disclosures in the Derivatives and Hedging Topic of GAAPUSA. This guidance amends and expands the previous disclosure requirements for derivative instruments and hedging activities to provide more qualitative and quantitative information on how and why an entity uses derivative instruments, how derivative instruments are accounted for and how derivative instruments affect an entity's financial position, financial performance and cash flows.

WWCI's primary financial instruments consist of cash, investments, beneficial interest in trust, interest rate swap and bonds payable. The carrying value of these instruments approximate their fair values, as disclosed further in this note and in Notes 4, 10 and 11.

(o) Beneficial Interest in Trust

WWCI is the income beneficiary under a trust, the corpus of which is not controlled by WWCI. In the absence of donor-imposed conditions, WWCI recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits. Beneficial interest in trust is stated at fair value.

(p) Income Taxes

WWCI received a determination letter from the Internal Revenue Service in December 1957 indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from Federal and state income taxes. No provision for income taxes was required for the fiscal years ended June 30, 2012 and 2011, other than as described in Note 8.

WWCI's application of GAAPUSA regarding uncertain tax positions had no effect on its financial position as management believes WWCI has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. WWCI would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. WWCI is no longer subject to examination by federal, state or local tax authorities for periods before 2009.

(q) Reclassifications

Certain reclassifications have been made to amounts previously reported in the 2011 financial statements to conform to the 2012 presentation.

(r) Subsequent Events

WWCI has evaluated subsequent events through October 18, 2012, the date the financial statements were issued. No material subsequent events have occurred since June 30, 2012 that requires recognition or disclosure to these financial statements, except as disclosed in Note 4 regarding the receipt of the absolute return fund redemption.

(3) Receivables

Receivables consist of the following as of June 30:

	2012	2011
Current:		
Trade (net of allowance for doubtful accounts of $56,000 and $143,000 as of June 30, 2012 and 2011, respectively)	$ 951,715	$ 1,112,516
Bequest receivable	-	1,083,593
Contracts	1,445,932	416,778
Total current receivables, net	**$ 2,397,647**	**$ 2,612,887**
Pledges receivable (net of allowance for doubtful accounts of $16,000 and $0 as of June 30, 2012 and 2011, respectively)	**$ 2,166,421**	**$ 85,000**
Long-term pledges (net of allowance for doubtful accounts of $0 and $8,035 as of June 30, 2012 and 2011, respectively)	**$ 991,965**	**$ -**

Pledges receivable in 2012 are primarily from the Grainger Foundation, which contributed the entire media infrastructure grant in 2012, and pledges receivable in 2011 are for the WFMT 60th anniversary gala.

(4) Fair Value Measurements

GAAPUSA defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach, each of which include multiple valuation techniques. GAAPUSA does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Financial assets and liabilities carried at fair value are classified in one of the three categories based upon the inputs to the valuation technique:

- Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data with redemption restrictions less than 90 days.

- Level 3 – Unobservable inputs that are not corroborated by market data. These inputs reflect management’s best estimate of fair value using its own judgment of the assumptions a market participant would use in pricing the asset or liability and have redemption restrictions longer than 90 days.

The following tables set forth by level within the fair value hierarchy WWCI's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2012 and 2011. As required by GAAPUSA, assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement. WWCI's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect their placement within the fair value hierarchy levels.

		Recurring Fair Value Measurements at Reporting Date Using:		
Description	Fair Values as of June 30, 2012	Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Assets:				
U.S. equity funds:				
Large cap	$ 9,056,619	$ 9,056,619	$ -	$ -
Small cap	1,151,076	1,151,076	-	-
Total U.S. equity funds	10,207,695	10,207,695	-	-
Fixed income funds	1,464,773	1,464,773	-	-
International equity funds	2,508,572	2,508,572	-	-
Alternative investments:				
Absolute return	7,787,379	-	5,116,916	2,670,463
International equity	3,556,840	-	3,556,840	-
Hedged equity	1,195,047	-	-	1,195,047
Private equity	88,099	-	-	88,099
Total alternative investments	12,627,365	-	8,673,756	3,953,609
Beneficial interest in trust	696,511	-	-	696,511
	$ 27,504,916	**$ 14,181,040**	**$ 8,673,756**	**$ 4,650,120**
Liabilities:				
Derivative liablities	**$ 1,898,872**	**$ -**	**$ 1,898,872**	**$ -**

The following table reconciles the June 30, 2012 fair values to the related investments as shown on the Statement of Financial Position.

Fair values as of June 30, 2012	$ 27,504,916
Add:	
Redemptions in transit	1,612,845
Less:	
Beneficial interest trust	(696,511)
Total investments per Statement of Financial Position	**$ 28,421,250**

Description	Fair Values as of June 30, 2011	Recurring Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Assets:				
U.S. equity funds:				
Large cap	$ 8,961,754	$ 8,961,754	$ -	$ -
Small cap	1,136,526	1,136,526	-	-
Total U.S. equity funds	10,098,280	10,098,280	-	-
Fixed income funds	1,585,836	1,585,836	-	-
International equity funds	3,620,830	3,620,830	-	-
Alternative investments:				
Absolute return	7,959,713	-	1,815,626	6,144,087
International equity	3,114,478	-	3,114,478	-
Hedged equity	2,718,602	-	1,465,458	1,253,144
Private equity	112,980	-	-	112,980
Total alternative investments	13,905,773	-	6,395,562	7,510,211
Beneficial interest in trust	777,930	-	-	777,930
	$ 29,988,649	**$ 15,304,946**	**$ 6,395,562**	**$ 8,288,141**
Liabilities:				
Derivative liablities	**$ 1,984,172**	**$ -**	**$ 1,984,172**	**$ -**

The following table reconciles the June 30, 2011 fair values to the related investments as shown on the Statement of Financial Position.

Fair values as of June 30, 2011	$ 29,988,649
Add:	
Redemption in transit	500,000
Less:	
Beneficial interest trust	(777,930)
Total investments per Statement of Financial Position	**$ 29,710,719**

The following section describes the valuation techniques used by WWCI to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Level 1

Investments in securities traded on a national securities exchange are stated at last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2

Estimated fair values for absolute return, international equity and hedged equity investments were based on net asset value per share of the funds with redemption restrictions less than 90 days.

The derivative instrument consists solely of interest rate swaps that are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility and correlations of such inputs. Valuation adjustments may be made in the determination of fair value, which was obtained from an independent third-party advisor.

Level 3

Estimated fair value of absolute return and hedged equity funds were based on net asset value per share of the funds with redemption restrictions longer than 90 days.

The fair value of WWCI's investment in a private equity partnership generally represents the amount WWCI would expect to receive if it were to liquidate its investment in the investment partnership excluding any redemption charges that may apply. In circumstances where the investment partnership's net asset values were deemed to differ from fair value due to liquidity or other factors, net asset values would be adjusted accordingly to reflect liquidity reserves. As of June 30, 2012 and 2011, WWCI determined that there were no liquidity issues.

Beneficial interest in trust is stated at fair value. The fair value is based on the percentage of the trust designated to WWCI, applied to the fair value of the trust, which is based primarily on quoted market prices of its underlying assets. Changes in the fair value of the underlying trust assets, as determined by the trustees that hold and manage these assets, are recognized in the statements of activities in the period in which they occur.

The following tables present a reconciliation of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy as of June 30, 2012 and 2011.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Absolute Return	Hedged Equities	Private Equities	Beneficial Interest in Trust	Total
Assets:					
Beginning balance, June 30, 2011	$ 6,144,087	$ 1,253,144	$ 112,980	$ 777,930	$ 8,288,141
Reclassification to Level 2*	(1,771,326)	-	-	-	(1,771,326)
Total realized gains or losses included in change in net assets	861,933	-	(5,215)	-	856,718
Total unrealized gains included in change in net assets	99,646	(58,097)	8,967	(81,419)	(30,903)
Purchases	-	41,372	-	-	41,372
Redemptions	(1,081,651)	(41,372)	(28,633)	-	(1,151,656)
Redemption in transit	(1,582,226)	-	-	-	(1,582,226)
Ending balance, June 30, 2012	**$ 2,670,463**	**$ 1,195,047**	**$ 88,099**	**$ 696,511**	**$ 4,650,120**
Total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 assets still held as of June 30, 2012	**$ 99,646**	**$ (58,097)**	**$ 8,966**	**$ (81,419)**	**$ (30,904)**

* The reclassification to Level 2 is a result of an absolute return fund that can be withdrawn upon prior to the end of the fiscal year with a 45 day notice of redemption.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Absolute Return	Hedged Equities	Private Equities	Beneficial Interest in Trust	Total
Assets:					
Beginning balance, June 30, 2010	$ 6,488,337	$ -	$ 125,941	$ 664,768	$ 7,279,046
Total realized gains or losses included in change in net assets	230,794	-	(7,105)	-	223,689
Total unrealized gains included in change in net assets	426,458	53,144	20,047	113,162	612,811
Purchases	-	1,200,000	-	-	1,200,000
Redemptions	(501,502)	-	(25,903)	-	(527,405)
Redemption in transit	(500,000)	-	-	-	(500,000)
Ending balance, June 30, 2011	**$ 6,144,087**	**$ 1,253,144**	**$ 112,980**	**$ 777,930**	**$ 8,288,141**
Total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 assets still held as of June 30, 2011	**$ 426,459**	**$ 53,144**	**$ 20,047**	**$ 113,162**	**$ 612,812**

The Beneficial interest in Trust pertains to an investment that is held in trust by a third party and can not be redeemed until the year 2482. The reclassification to Level 3 is a result of non redemption within 90 days.

Level 3 gains and losses (realized and unrealized) included in the changes in net assets for the periods above are reported in investment income, net of transfers and expenses in the statements of activities. Level 3 unrealized gains and losses that are included in the changes in net assets that are still held as of June 30, 2012 and 2011 for the periods above are reported in investment income, net of transfers and expenses in the statements of activities.

The following tables summarize fair value measurements of investments in other investment funds that calculate net asset value per share (or its equivalent) as of June 30, 2012 and 2011, respectively:

Description	Fair Values as of June 30, 2012	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Level
Assets:					
Alternative investments:					
Absolute return (a)	$ 2,670,463	$ -	Annually	45-95 days	3
Absolute return (a)	5,116,916	-	Quarterly	65 days	2
International equity (b)	3,556,840	-	Daily, monthly	5 -30 days	2
Hedged equity (c)	1,195,047	-	5 yr lockout	60 days	3
Private equity (e)	88,099	-	N/A	N/A	3
Total alternative investments	**$ 12,627,365**	**$ -**			

Description	Fair Values as of June 30, 2011	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Level
Assets:					
Alternative investments:					
Absolute return (a)	$ 6,144,087	$ -	Annually	45-90 days	3
Absolute return (a)	1,815,626	-	Quarterly	65 days	2
International equity (b)	3,114,478	-	Daily, monthly	5 -30 days	2
Hedged equity (c)	1,253,144	-	5 yr lockout	60 days	3
Hedged equity (d)	1,465,458	-	Quarterly	65 days	2
Private equity (e)	112,980	-	N/A	N/A	3
Total alternative investments	**$ 13,905,773**	**$ -**			

(a) This category includes multi-strategy absolute return investments focused on probability-adjusted asset returns capturing the alpha in mispriced securities across conventional and alternative financial strategies. One of the investments in this category includes less liquid assets which may be restricted from immediate redemption until the asset is realized. As of June 30, 2012, all funds in this category have passed their initial lock up periods; however, some have redemption terms that make full liquidity unavailable as of June 30, 2012. The fair values of the funds in this category have been estimated using the net asset value per share of the investments.

(b) This category includes investments primarily in Asia and Latin America's emerging markets debt and equity securities. As of June 30, 2012, all of the investments in this category have passed their initial lock up periods. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(c) This category includes investments in hedge funds that invest in both long and short positions, primarily in global equities. Management of the hedge fund has the ability to shift investments from value to growth strategies, from mid to large capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in global markets. As of June 30, 2012, there remains a three year lockup for all of the investments in this category. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(d) This category includes investments in hedge funds that invest in both long and short positions, primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia and Emerging Markets. As of June 30, 2012, all of the investments in this category have passed their initial lock up periods. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(e) This category includes a private equity fund that is in liquidation. The investment is not redeemable. Investors can expect cash distributions on a regular basis as the fund winds down. The term for the liquidation of the investments in the portfolio ranges from 5 to 7 years. As of June 30, 2012 the fair values of the investments in this category have been estimated using the value provided by the fund manager.

(5) Investments

Long-term investments are summarized as follows as of June 30:

	2012		2011	
	Cost	**Fair Value**	**Cost**	**Fair Value**
U.S. equity funds:				
Dodge & Cox Fund	$ 3,967,647	4,277,248	3,891,339	4,316,336
Harbor Fund	3,189,868	4,779,371	3,184,891	4,645,418
Longleaf Partners	1,092,672	1,151,076	1,025,570	1,136,526
Total U.S. equity funds:	8,250,187	10,207,695	8,101,800	10,098,280
Fixed income funds	1,447,748	1,464,773	1,574,660	1,585,836
International equity funds	2,444,764	2,508,572	3,058,011	3,620,830
Alternative investments:				
Absolute return	5,233,658	7,787,379	5,176,454	7,959,713
International equity	3,209,104	3,556,840	2,607,823	3,114,478
Hedged equity	1,200,000	1,195,047	2,291,813	2,718,602
Private equity	102,489	88,099	136,337	112,980
Total alternative investments	9,745,251	12,627,365	10,212,427	13,905,773
Total long-term investments	**$ 21,887,950**	**$ 26,808,405**	**$ 22,946,898**	**$ 29,210,719**

The following table reconciles the June 30, 2012 and 2011 investments in the above table to the investments as shown on the Statement of Financial Position.

	2012	2011
Fair value of investments	$ 26,808,405	$ 29,210,719
Add		
Redemptions in transit	1,612,845	500,000
Total investments per Statement of Financial Position	**$ 28,421,250**	**$ 29,710,719**

Investment return for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
Interest and dividends	$ 538,738	$ 554,425
Realized (loss) gain - investments	(32,418)	211,435
Realized gain - alternative investments	1,576,119	319,164
Total realized gain	1,543,701	530,599
Change in unrealized (loss) gain - investments	(613,553)	3,152,744
Change in unrealized (loss) gain - alternative investments	(1,311,233)	1,215,122
Total change in unrealized (loss) gain	(1,924,786)	4,367,866
Fund management expenses	(285,135)	(288,099)
Total return on investments	(127,482)	5,164,791
Board approved transfers		
Endowment transfer (See Note 14)	(941,505)	(1,096,000)
Investment transfer	(819,495)	-
Total operating transfer	(1,761,000)	(1,096,000)
Investment income, net of transfers and expenses	**$ (1,888,482)**	**$ 4,068,791**

The total return on investments includes a board-designated endowment investment (loss)/gain amounting to ($809,195) and $3,107,074 in fiscal years 2012 and 2011, respectively.
Change in unrealized (loss) gain – investments in the above table includes ($81,419) and $113,162 from the beneficial interest in trust for the years ended June 30, 2012 and 2011, respectively.

(6) Property and Equipment

The following is a summary of property and equipment balances stated at historical cost as of June 30:

	2012	2011
Technical equipment	$ 29,319,040	$ 29,684,714
Building and leasehold improvements	22,662,027	22,629,969
Furniture, fixtures, and other assets	8,355,808	8,265,994
Deposits and construction-in-progress	579,332	347,181
Total property and equipment	60,916,207	60,927,858
Less accumulated depreciation and amortization	(42,425,237)	(40,855,703)
Net property and equipment	**$ 18,490,970**	**$ 20,072,155**

Construction-in-progress represents the accumulated costs of assets not yet placed in service. As of June 30, 2012 and 2011, these amounts relate to new equipment and improvements of existing facilities.

(7) Liens on Property and Equipment

WTTW acquired a portion of its technical equipment with the proceeds of grants received from the Public Telecommunications Facilities Program (PTFP). These grants provide that liens be placed upon this equipment for a ten-year period. The liens expire on various dates through 2020. In the event this equipment is sold within the ten-year period, PTFP is entitled to receive a pro rata portion of the proceeds based upon the percentage of the original purchase price that it funded. WTTW has no intentions to sell any of this equipment within the ten-year period.

(8) Income Taxes

WWCI's management believes it will have an unrelated business income net operating loss of approximately $1,308,000 for tax purposes for the year ended June 30, 2012 and that its unrelated business income net operating loss carryforward as of June 30, 2012 will be approximately $6,971,000. This amount is available to offset future unrelated business income. The carryforward amounts expire on various dates through 2033. Deferred income tax assets related to the unrelated business net operating loss carryforwards were fully offset by a valuation allowance as of June 30, 2012 and 2011.

(9) Line of Credit

WWCI has an unsecured line of credit agreement with Bank of America to support working capital requirements. This agreement as of June 30, 2012 permits borrowings of up to $5,000,000. Outstanding borrowings bear interest at the current LIBOR (0.243% as of June 30, 2012) plus 1.75%. The agreement expires June 30, 2013. As of June 30, 2012 and 2011, WWCI had no borrowings outstanding under this line of credit. WWCI is subject to certain covenants relating to the bonds in Note 10 that are also applicable to this line. As of June 30, 2012, all financial covenants have been met.

(10) Bonds Payable

The Illinois Development Finance Authority issued Variable Development Bonds on behalf of WWCI primarily to acquire, construct, renovate and equip WWCI's broadcasting and production facilities. The 1994 Series A and B bonds were issued on November 9, 1994 with a due date of November 1, 2014. The 2000 Series bonds were issued on September 14, 2000 with a due date of August 1, 2015. The bonds were initially issued as floating rate instruments and continue to be so as of June 30, 2012. The floating rate is established by the remarketing agent on a weekly basis and the carrying value of the bonds outstanding as of June 30, 2012 and 2011, approximates fair value.

Bonds payable as of June 30, 2012 and 2011, consist of the following amounts due to the Illinois Development Finance Authority:

	Issued and Outstanding Balance		Floating Rate	
	2012	**2011**	**2012**	**2011**
1994 Series A (nontaxable)	$ 6,000,000	$ 6,000,000	0.26%	0.18%
1994 Series B (taxable)	1,600,000	1,600,000	0.36%	0.30%
2000 Series (nontaxable)	13,700,000	13,700,000	0.30%	0.12%
	$ 21,300,000	**$ 21,300,000**		

With the issuance of the Series 2000 bonds, WWCI entered into an irrevocable direct-pay letter of credit facility with Bank of America (the credit provider) in order to guarantee payment of principal and interest on the Series 1994A, Series 1994B and Series 2000 bonds as they become due. As of June 30, 2012, the outstanding letter of credit totaled $21,492,890. In June 2011, WWCI extended the letter of credit facility to August 31, 2013 with respect to the 1994 Series and September 14, 2013 with respect to the 2000 Series.

In the event that the remarketing agent is unable to remarket the bonds, the bonds become a demand note under the letter of credit issued by Bank of America. If the letter of credit cannot be renewed, and an alternative letter of credit cannot be obtained, the bonds require immediate payment.

WWCI's Series 1994A, 1994B and Series 2000 bonds are subject to certain financial bond covenants relating to unrestricted liquid assets to total indebtedness ratios, limitations of capital expenditures and limitations of indebtedness. As of June 30, 2012, all financial bond covenants have been met.

(11) Interest Rate Swaps

On August 11, 2005, January 1, 2009 and January 2, 2009, WWCI entered into interest rate swap agreements to manage its exposure on its Variable Development Demand Bonds. The agreements exchange a variable rate of interest payment equal to 70% of one month London Interbank Offered Rate (LIBOR) for an escalating interest rate capped at a fixed rate. The agreements mature on August 1, 2015, August 3, 2015 and October 1, 2014, respectively.

WWCI has capped its market risk to fixed rates as follows under the three swap agreements:

- 3.55% on $10,000,000 of the Series 2000 Bonds
- 3.29% on $3,700,000 of the Series 2000 and $6,000,000 of the Series 1994 A Bonds
- 4.67% on $1,600,000 of the Series 1994 B Bonds

By using derivative financial instruments to hedge exposures to changes in interest rates, WWCI exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of the derivative contract is positive, the counterparty owes WWCI, which creates credit risk for WWCI. When the fair value of a derivative contract is negative, WWCI owes the counterparty if WWCI terminated the contract. The counterparty for these swap agreements is JP Morgan Chase Bank, N.A., a high-quality counterparty.

Market risk is the adverse effect on the value of financial instruments that result from a change in interest rates. The market risk associated with the interest rate contracts is managed by establishing parameters that limit the types and degree of market risk that may be undertaken. See Note 4 for valuation techniques.

The following is a summary of the interest rate swaps in the Statements of Financial Position and Activities as of June 30:

	2012	2011
Statement of Financial Position Information -		
Long-term interest rate swap	$ 1,898,872	$ 1,984,172
Statement of Activities Information		
Non cash interest rate swap gain	$ 85,301	$ 172,513
Interest expense included in program and supporting services expenses	(713,441)	(707,367)
Total interest rate swap loss in the Statement of Activities	$ (628,140)	$ (534,854)

(12) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30:

	2012	2011
Grainger related capital	$ 7,021,095	$ 3,800,558
Time restriction	1,015,762	1,303,517
Chicago Tonight Internships	90,242	120,568
Midnight Special	52,082	71,846
Total temporarily restricted net assets	$ 8,179,181	$ 5,296,489

(13) Permanently Restricted Net Assets

Permanently restricted net assets are available for the following purposes or periods as of June 30:

	2012	2011
Endowments whose earnings can be used for:		
Unrestricted operating	$ 2,096,572	$ 2,113,322
Grainger studio upgrades	990,872	990,872
Midnight Special	268,018	268,018
Chicago Tonight Internships	223,000	210,500
Total permanently restricted net assets	$ 3,578,462	$ 3,582,712

(14) Endowment

WWCI's endowment consists of nine individual funds and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAPUSA, net assets associated with endowment funds are classified and reported based on existences or absences of donor-imposed restrictions.

WWCI interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WWCI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by WWCI in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, WWCI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the donor-restricted endowment funds
3) General economic conditions
4) The expected total return from income and appreciation of investments
5) Other resources of the organization
6) The investment policy of WWCI

WWCI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WWCI must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Four percent of the average fair value of the investments held by WWCI for the prior 12 quarters is available for operations. The board approved a 4% operating transfer totaling $941,505 in 2012 and $1,096,000 in 2011. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. WWCI expects its endowment funds to provide an absolute return measured over a three-year period of the greater of 8% or CPI plus 5%. This is consistent with WWCI's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. WWCI's investment objective is to increase purchasing power while reducing, to the greatest extent possible, the possibility of loss over a three-year cycle. A secondary objective is to have sufficient degree of flexibility in order to meet unanticipated demands and changing environments. Diversification of assets will ensure that adverse or unexpected results from one security or security class will not have a detrimental impact on the entire portfolio. Actual returns in any given year may vary from this amount.

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WWCI to retain as a fund of perpetual duration. In accordance with GAAPUSA, deficiencies of this nature are reported in unrestricted net assets and amounted to $156,533 as of June 30, 2012. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions. There were no deficiencies in donor-restricted endowment funds as of June 30, 2011.

Endowment net asset composition by type of fund as of June 30, 2012, is comprised of the following:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (156,533)	$ 412,975	$ 3,578,462	$ 3,834,904
Board-designated endowment funds	23,193,965	-	-	23,193,965
Total endowment funds	**$ 23,037,432**	**$ 412,975**	**$ 3,578,462**	**$ 27,028,869**

Endowment net asset composition by type of fund as of June 30, 2011, is comprised of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 604,538	$ 3,582,712	$ 4,187,250
Board-designated endowment funds	24,003,161	-	-	24,003,161
Total endowment funds	**$ 24,003,161**	**$ 604,538**	**$ 3,582,712**	**$ 28,190,411**

Changes in endowment net assets for the fiscal year ended June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 24,003,161	$ 604,538	$ 3,582,712	$ 28,190,411
Investment return:				
Investment income	365,194	161,659	-	526,853
Net depreciation (realized and unrealized)	(199,009)	(249,634)	-	(448,643)
Total investment return	166,185	(87,975)	-	78,210
Contributions	-	-	20,750	20,750
Appropriation of endowment assets for expenditure	(255,454)	(38,543)	(25,000)	(318,997)
Annual appropriation of board-designated endowment funds to operations	(876,460)	(65,045)	-	(941,505)
Endowment net assets, end of year	**$ 23,037,432**	**$ 412,975**	**$ 3,578,462**	**$ 27,028,869**

Changes in endowment net assets for the fiscal year ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 20,896,087	$ 211,827	$ 3,556,762	$ 24,664,676
Investment return:				
Investment income	336,135	174,253	-	510,388
Net appreciation (realized and unrealized)	3,910,241	458,969	-	4,369,210
Total investment return	4,246,376	633,222	-	4,879,598
Contributions	-	-	25,950	25,950
Appropriation of endowment assets for expenditure	(250,583)	(33,230)	-	(283,813)
Other charges:				
Annual appropriation of board-designated endowment funds to operations	(888,719)	(207,281)	-	(1,096,000)
Endowment net assets, end of year	**$ 24,003,161**	**$ 604,538**	**$ 3,582,712**	**$ 28,190,411**

(15) Lease Commitments

WWCI leases the land upon which WTTW's and WFMT's general office and studio building is constructed, as well as transmission and antenna space. WWCI incurred aggregate rental expense of approximately $691,000 and $648,000 for the years ended June 30, 2012 and 2011, respectively. The future minimum payments due under noncancelable operating leases in effect as of June 30, 2012 are as follows:

Year ending June 30:	
2013	$ 806,000
2014	822,000
2015	837,000
2016	853,000
2017	869,000
Thereafter (expires in 2062)	5,149,000
	$ 9,336,000

The future minimum payments above may be reduced by up to $1,822,000 for underwriting that WWCI has contracted to provide a certain lessor in lieu of cash rental payments. WWCI recognized approximately $199,000 and $190,000 in lease barter revenue and expense during the years ended June 30, 2012 and 2011, respectively.

The leases contain annual escalation clauses and, accordingly, rent expense is recorded on the straight-line basis over the life of the lease.

(16) Retirement Plan

All eligible employees are included in the WWCI defined contribution retirement plan. Under this plan, an amount equal to 3% of the base compensation of all eligible employees is contributed by WWCI. Eligible employees may also voluntarily contribute up to 4.5% of their base compensation to the plan; such contributions are matched by WWCI up to 4.5%. In fiscal year 2011 management suspended all non-union matching payments to the retirement plan. All contributions are used to purchase mutual funds and individual annuity contracts. The amount contributed and charged to expense for the years ended June 30, 2012 and 2011 was $166,068 and $182,629, respectively.

(17) Chicago News Cooperative

The Chicago News Cooperative (CNC) was a LLC, began operations on October 23, 2009 and ceased operations on March 2, 2012. Its mission was to produce public-interest journalism focused on Chicago, its politics and policy, culture and the arts, and the diverse communities of the metropolitan area. CNC publishes in The New York Times on Friday and Sunday, the first outside news organization to produce entire pages for the Times. WWCI acted as fiscal agent for CNC and provided accounting and other administrative services. The CNC financial results are not included in WWCI's financial statements. Accounting and other administrative services totaled $32,190 and $26,749 for the years ended June 30, 2012 and 2011, respectively.

(18) Contingencies

WWCI is subject to potential legal actions which arise in the ordinary course of business. In the opinion of management, based upon opinions of legal counsel, the disposition of all potential or threatened claims will not have a material impact on the financial position of WWCI.

(19) Supplemental Cash Flow and Other Information

Cash payments for interest amounted to $781,432 and $807,506 for the years ended June 30, 2012 and 2011, respectively.
Interest expense was $784,891 and $807,586 for the years ended June 30, 2012 and 2011, respectively.

As of June 30, 2012 and 2011, WWCI purchased broadcast and production equipment in the amounts of $26,082 and $64,350, respectively, which was included in accounts payable.

Decreases in assets in the amount of $235,131 and $105,940, held on behalf of CNC are presented as fiscal agent liabilities for CNC for the years ended June 30, 2012 and 2011, respectively.