# Window to the World Communications, Inc.

**Financial Report**

**June 30, 2024**

# Contents

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# Independent Auditor's Report

To the Board of Trustees
Window to the World Communications, Inc.

## *Opinion*

We have audited the financial statements of Window to the World Communications, Inc. (WWCI), which comprise the statement of financial position as of June 30, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WWCI as of June 30, 2024 and 2023 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Basis for Opinion*

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

## *Emphasis of Matter*

As described in Note 6, the June 30, 2024 and 2023 financial statements include investments valued at $22,301,261 and $23,447,205 (29.17 and 31.82 percent of net assets), respectively, whose fair values are not based on readily determinable fair values. Management recognizes the fair values of these investments based on the information provided by the fund managers or partnership general partners. Our opinion is not modified with respect to this matter.

## *Responsibilities of Management for the Financial Statements*

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

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

## *Auditor's Responsibilities for the Audits of the Financial Statements*

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

To the Board of Trustees
Window to the World Communications, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 WWCI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WWCI's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

December 20, 2024

# Statement of Financial Position

**June 30, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 1,029,099 | $ 717,940 |
| Receivables - Net of allowances: | | |
| Accounts receivable - Net (Note 4) | 496,436 | 873,088 |
| Pledges receivable - Net (Note 5) | 1,628,000 | 2,384,000 |
| Program rights and other assets | 1,537,560 | 957,439 |
| Total current assets | 4,691,095 | 4,932,467 |
| **Investments** (Note 7) | 59,972,842 | 53,743,335 |
| **Other Assets** | | |
| Long-term pledges receivable - Net (Note 5) | 633,649 | 1,408,000 |
| Beneficial interest in trust (Note 6) | 1,025,157 | 911,271 |
| Interest rate swap (Notes 6 and 9) | 1,555,187 | 1,836,476 |
| Federal Communications Commission licenses | 327,124 | 327,124 |
| Noncurrent program rights and other assets | 4,507 | 49,755 |
| **Property and Equipment** - Net (Note 8) | 20,138,598 | 21,871,264 |
| **Right-of-use Operating Lease Assets** (Note 12) | 4,497,374 | 4,264,840 |
| **Finance Lease Assets** (Note 12) | 32,458 | 97,372 |
| Total assets | **$ 92,877,991** | **$ 89,441,904** |
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 2,785,272 | $ 2,363,441 |
| Accrued vacation | 552,314 | 566,930 |
| Contract liabilities | 393,393 | 608,255 |
| Current portion of lease liabilities - Operating (Note 12) | 123,332 | 100,530 |
| Current portion of lease liabilities - Finance (Note 12) | 33,387 | 65,365 |
| Total current liabilities | 3,887,698 | 3,704,521 |
| **Noncurrent Debt** - Line of credit (Note 9) | 7,400,000 | 7,100,000 |
| **Lease Liabilities - Operating** (Note 12) | 4,577,407 | 4,297,747 |
| **Lease Liabilities - Finance** (Note 12) | - | 33,387 |
| **Noncurrent Liabilities** - Long-term accrued expenses | 568,118 | 629,766 |
| Total liabilities | 16,433,223 | 15,765,421 |
| **Net Assets** | | |
| Without donor restrictions | 45,976,946 | 37,595,499 |
| With donor restrictions (Note 10) | 30,467,822 | 36,080,984 |
| Total net assets | 76,444,768 | 73,676,483 |
| Total liabilities and net assets | **$ 92,877,991** | **$ 89,441,904** |

See notes to financial statements.

# Window to the World Communications, Inc.

## Statement of Activities and Changes in Net Assets

### Years Ended June 30, 2024 and 2023

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **Operating Revenue and Public Support** | | | | | | |
| Viewer and listener marketing | $ 17,799,047 | $ - | $ 17,799,047 | $ 17,543,233 | $ 26,000 | $ 17,569,233 |
| Programming underwriting | 6,378,375 | 370,500 | 6,748,875 | 3,142,320 | 1,670,000 | 4,812,320 |
| Development contributions | 4,029,763 | 970,449 | 5,000,212 | 6,975,754 | 410,495 | 7,386,249 |
| Contributed nonfinancial assets | 396,152 | - | 396,152 | 862,506 | - | 862,506 |
| Federal CPB and state grants | 4,024,768 | - | 4,024,768 | 3,272,004 | - | 3,272,004 |
| Media sponsorships | 2,339,807 | - | 2,339,807 | 2,654,121 | - | 2,654,121 |
| National and local TV production contracts | 345,000 | - | 345,000 | 236,500 | - | 236,500 |
| Special event revenue | 1,332,032 | - | 1,332,032 | 1,336,265 | - | 1,336,265 |
| Program licensing and facilities rental | 1,170,223 | - | 1,170,223 | 1,395,504 | - | 1,395,504 |
| Annual appropriation from endowments | 1,731,139 | - | 1,731,139 | 1,359,854 | 340,146 | 1,700,000 |
| FCC repack reimbursement revenue | 3,645 | - | 3,645 | 121,379 | - | 121,379 |
| Miscellaneous | (9,559) | - | (9,559) | 287,547 | - | 287,547 |
| Net assets released from restrictions | 8,695,536 | (8,695,536) | - | 6,638,661 | (6,638,661) | - |
| Total operating revenue and public support | 48,235,928 | (7,354,587) | 40,881,341 | 45,825,648 | (4,192,020) | 41,633,628 |
| **Expenses** | | | | | | |
| Programming and production expenses: | | | | | | |
| Develop, acquire, and deliver local content | 25,152,837 | - | 25,152,837 | 26,099,424 | - | 26,099,424 |
| National TV productions | 520,509 | - | 520,509 | 232,417 | - | 232,417 |
| Sales and syndication | 2,251,773 | - | 2,251,773 | 2,464,047 | - | 2,464,047 |
| Corporate communications | 940,904 | - | 940,904 | 867,827 | - | 867,827 |
| Shared services | 1,320,985 | - | 1,320,985 | 1,027,717 | - | 1,027,717 |
| Total programming and production expenses | 30,187,008 | - | 30,187,008 | 30,691,432 | - | 30,691,432 |
| Support services: | | | | | | |
| Viewer and listener marketing | 4,675,018 | - | 4,675,018 | 6,077,041 | - | 6,077,041 |
| Development and special events | 4,414,584 | - | 4,414,584 | 3,153,415 | - | 3,153,415 |
| Business support | 4,537,621 | - | 4,537,621 | 4,061,917 | - | 4,061,917 |
| Total support services | 13,627,223 | - | 13,627,223 | 13,292,373 | - | 13,292,373 |
| Total expenses | 43,814,231 | - | 43,814,231 | 43,983,805 | - | 43,983,805 |
| **Increase (Decrease) in Net Assets** - Before nonoperating income (expenses) | 4,421,697 | (7,354,587) | (2,932,890) | 1,841,843 | (4,192,020) | (2,350,177) |
| **Nonoperating Income (Expenses)** | | | | | | |
| Investment earnings - Net of expenses | 5,361,147 | 2,401,710 | 7,762,857 | 3,269,806 | 2,749,478 | 6,019,284 |
| Annual appropriation to operations | (1,070,854) | (660,285) | (1,731,139) | (1,359,854) | (340,146) | (1,700,000) |
| Severance expense | (49,254) | - | (49,254) | - | - | - |
| (Loss) gain on interest rate swap | (281,289) | - | (281,289) | 369,372 | - | 369,372 |
| Total nonoperating income | 3,959,750 | 1,741,425 | 5,701,175 | 2,279,324 | 2,409,332 | 4,688,656 |
| **Increase (Decrease) in Net Assets** | 8,381,447 | (5,613,162) | 2,768,285 | 4,121,167 | (1,782,688) | 2,338,479 |
| **Net Assets** - Beginning of year | 37,595,499 | 36,080,984 | 73,676,483 | 33,474,332 | 37,863,672 | 71,338,004 |
| **Net Assets** - End of year | **$ 45,976,946** | **$ 30,467,822** | **$ 76,444,768** | **$ 37,595,499** | **$ 36,080,984** | **$ 73,676,483** |

See notes to financial statements.

# Statement of Functional Expenses

**Year Ended June 30, 2024**

| | Programming and Production | Fundraising | Business Support | Total |
|---|---|---|---|---|
| Salaries and benefits | $ 14,697,690 | $ 3,906,448 | $ 2,204,195 | $ 20,808,333 |
| PTV program acquisitions and dues | 5,400,604 | - | - | 5,400,604 |
| Member acquisitions and premiums | 31,961 | 2,427,133 | 1,032 | 2,460,126 |
| Outside services | 2,622,374 | 790,498 | 538,206 | 3,951,078 |
| Utilities | 624,738 | 4,388 | - | 629,126 |
| Postage and printing | 24,338 | 1,560,363 | 10,947 | 1,595,648 |
| Occupancy | 855,651 | 21,488 | 253,576 | 1,130,715 |
| Production and talent | 2,347,143 | 53,659 | 1,368 | 2,402,170 |
| Parts, supplies, and maintenance | 1,337,395 | 78,535 | 231,628 | 1,647,558 |
| Interest | - | - | 36,414 | 36,414 |
| Professional services | 312,552 | 44,013 | 793,403 | 1,149,968 |
| Travel and training | 123,241 | 36,675 | 59,775 | 219,691 |
| Insurance | - | - | 271,720 | 271,720 |
| Depreciation | 1,809,321 | 166,402 | 135,357 | 2,111,080 |
| Severance expense | - | - | 49,254 | 49,254 |
| Total functional expenses | **$ 30,187,008** | **$ 9,089,602** | **$ 4,586,875** | **$ 43,863,485** |

# Statement of Functional Expenses

**Year Ended June 30, 2023**

| | Programming and Production | Fundraising | Business Support | Total |
|---|---|---|---|---|
| Salaries and benefits | $ 14,879,326 | $ 3,476,253 | $ 2,025,336 | $ 20,380,915 |
| PTV program acquisitions and dues | 5,498,245 | - | - | 5,498,245 |
| Member acquisitions and premiums | 6,860 | 2,466,978 | 4,271 | 2,478,109 |
| Outside services | 3,705,237 | 737,256 | 610,086 | 5,052,579 |
| Utilities | 369,722 | 105,635 | 52,817 | 528,174 |
| Postage and printing | 45,471 | 1,879,606 | 385 | 1,925,462 |
| Occupancy | 791,268 | 21,199 | 241,344 | 1,053,811 |
| Production and talent | 2,052,252 | 49,920 | 555 | 2,102,727 |
| Parts, supplies, and maintenance | 946,357 | 142,552 | 480,398 | 1,569,307 |
| Interest | 124,618 | 25,507 | 12,753 | 162,878 |
| Professional services | 102,824 | 68,717 | 444,821 | 616,362 |
| Travel and training | 156,251 | 33,988 | 33,444 | 223,683 |
| Insurance | 195,691 | 55,912 | 27,956 | 279,559 |
| Depreciation | 1,817,310 | 166,933 | 127,751 | 2,111,994 |
| Total functional expenses | **$ 30,691,432** | **$ 9,230,456** | **$ 4,061,917** | **$ 43,983,805** |

# Statement of Cash Flows

**Years Ended June 30, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Increase in net assets | $ 2,768,285 | $ 2,338,479 |
| Adjustments to reconcile increase in net assets to net cash from operating activities: | | |
| Depreciation of property and equipment | 2,111,080 | 2,111,994 |
| Amortization of right-of-use assets | 242,142 | 241,914 |
| Bad debt expense | 99,435 | 35,345 |
| Net loss (gain) on interest rate swap | 281,289 | (369,372) |
| Net realized and unrealized gain on investments | (7,245,159) | (6,331,402) |
| Change in beneficial interest in trust | (113,886) | (67,757) |
| Proceeds from contributions restricted for long-term purposes | (468,473) | (381,457) |
| Changes in operating assets and liabilities that provided (used) cash: | | |
| Accounts receivable - Net | 277,217 | 68,231 |
| Pledges receivable - Net | 1,530,351 | 1,877,542 |
| Program rights and other assets | (534,873) | (265,027) |
| Accounts payable and accrued expenses | 353,728 | (876,692) |
| Contract liabilities | (214,862) | (186,357) |
| Accrued vacation | (14,616) | (82,892) |
| Lease liability | (105,338) | (87,259) |
| Net cash used in operating activities | (1,033,680) | (1,974,710) |
| **Cash Flows from Investing Activities** | | |
| Purchase of property and equipment | (376,328) | (2,601,409) |
| Proceeds from sales of assets | 4,369 | - |
| Purchases of investments | (12,415,646) | (3,190,875) |
| Proceeds from sales and maturities of investments | 13,431,298 | 8,673,963 |
| Net cash provided by investing activities | 643,693 | 2,881,679 |
| **Cash Flows from Financing Activities** | | |
| Proceeds from line of credit | 5,500,000 | 11,937,292 |
| Payments on line of credit | (5,200,000) | (12,987,292) |
| Payments on finance lease | (67,327) | (67,327) |
| Proceeds from contributions restricted for long-term purposes | 468,473 | 381,457 |
| Net cash provided by (used in) financing activities | 701,146 | (735,870) |
| **Net Increase in Cash** | 311,159 | 171,099 |
| **Cash** - Beginning of year | 717,940 | 546,841 |
| **Cash** - End of year | **$ 1,029,099** | **$ 717,940** |
| **Supplemental Cash Flow Information** - Cash paid for interest | $ 547,200 | $ 462,475 |
| **Significant Noncash Transactions** | | |
| Fixed-asset additions included in accounts payable | $ 6,455 | $ 157,167 |
| Modification of ROU asset and lease liability | 409,762 | - |

See notes to financial statements.

## Note 1 - Nature of Business

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

## Note 2 - 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.

***Basis of Presentation***

WWCI's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates. Additionally, WWCI is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of WWCI's management and its board of trustees.

Net assets with donor restrictions: Net assets subject to stipulation imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of WWCI or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

***Use of Estimates***

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

***Cash***

WWCI maintains cash and cash equivalents at PNC Bank and CIBC Bank, N.A. that at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Corporation (FDIC) up to $250,000.

***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 6). Investment earnings or losses (including realized gains and losses on investments, changes in unrealized gains and losses, interest, and dividends) on investments that are not restricted by donors are included in investment returns in the statement of activities and changes in net assets. Interest and dividend income is recorded on the accrual basis. Realized gains and losses are determined based on specific identification of securities sold.

## Note 2 - Significant Accounting Policies (Continued)

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.

***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 the 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.

***Property and Equipment***

Under WWCI's capitalization policy, costs of acquiring property and equipment for purchases exceeding $2,500 are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

***Leases***

WWCI has operating leases for office space. WWCI recognizes expense for operating leases on a straight-line basis over the lease term. WWCI has recognized operating lease right-of-use assets and related operating lease liabilities equal to the present value of the fixed rental payments over the term of the lease. Operating right-of-use assets are amortized over the remaining term of the lease.

WWCI has a finance lease for office copier machines. WWCI recognizes expense for the finance lease on a straight-line basis over the lease term. WWCI has recognized finance lease right-of-use assets and related finance lease liabilities equal to the present value of the fixed rental payments over the term of the lease. Finance right-of-use assets are amortized over the remaining term of the lease.

WWCI elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases.

***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Donor-restricted contributions whose restrictions are met within the year in which the gift is received are reported as restricted support and net assets released from restriction in the accompanying financial statements. Conditional promises to give are not recognized until barriers prescribed by the pledge agreements are overcome. As of June 30, 2024 and 2023, WWCI has no outstanding conditional contributions.

TV and radio underwriting are also received as donor-restricted contributions and are reported as restricted support upon receipt of the gift and net assets released from restriction in the year the underwriting obligations are met.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using appropriate interest rates applicable to the date in which the contributions are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. As of June 30, 2024 and 2023, all pledges were deemed to be collectible, and no allowance was recorded by management.

## Note 2 - Significant Accounting Policies (Continued)

Contributed property and equipment are recorded at fair market value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

***Contributions of Nonfinancial Assets***

The estimated fair value of business-related, in-kind contributions (principally operating space) and donated noncash contributions is recorded as revenue and expense in the period that the contributions and services are received.

***Federal CPB Grants and State Grants***

WWCI was awarded nonfederal financial support from the Corporation for Public Broadcasting (CPB) of $3,550,053 and $3,272,004 during the years ended June 30, 2024 and 2023, respectively, to finance normal programming and promotion expenses. The period of the CPB grant aligns with WWCI's fiscal year, and all amounts of the grants were expended during the year; therefore, there are no uncommitted balances as of June 30, 2024 and 2023.

The remaining grant revenue included on the statement of activities and changes in net assets relates to State of Illinois grants.

***Revenue Recognition***

WWCI derives its revenue primarily from contributions, TV and radio underwriting, radio advertising, federal and state grants, and program licensing and facilities rentals. The following significant revenue streams are revenue from contracts with customers:

1. Media sponsorships
2. Program licensing and facilities rental

***<u>Performance Obligations</u>***

The following explains the performance obligations related to each revenue stream under the standard and how they are recognized:

*Media Sponsorships*

WWCI generates revenue from written agreements that identify specific obligations, such as TV spots and digital impressions, that are delivered on behalf of a sponsor. The contract also specifies the price per spot. These spots are recognized when they occur on each show, and revenue is recognized at that point in time, satisfying the performance obligation. In the instances where a payment is made before the spot airs, WWCI recognizes a contract liability.

*Program Licensing and Facilities Rental*

WWCI generates revenue from written agreements with various organizations where WWCI provides locally produced shows. Revenue is recognized over the period of the agreement, as WWCI continually provides content throughout the agreement.

WWCI also generates revenue from written agreements with various organizations to use studio space, which includes providing personnel and other services for various productions. Revenue is recognized based on the stated rate in the contract and at a point in time following the daily use of the space and services.

In some situations, WWCI collects cash prior to the satisfaction of the performance obligation, which results in WWCI recognizing contract liabilities. Total contract liabilities were $393,393 and $608,255 as of June 30, 2024 and 2023, respectively. Total contract liabilities as of July 1, 2022 were $794,612.

## Note 2 - Significant Accounting Policies (Continued)

Total underwriting, sponsorships, and TV production contract receivables were $496,436 and $873,088 as of June 30, 2024 and 2023, respectively. Total underwriting, sponsorships, and TV production contract receivables as of July 1, 2022 were $785,635.

***Accounts Receivable***

WWCI's accounts receivable balance primarily consists of amounts due from arts and cultural organizations and amounts due from other contractual arrangements. Accounts receivable are reported net of an allowance for credit losses to represent WWCI's estimate of expected losses at the statement of financial position date. The adequacy of WWCI's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivables by customer source and aging of receivables, and a review of specific accounts, as well as expected future economic conditions and market trends.

Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. As of June 30, 2024 and 2023, the allowance for credit losses was $108,634 and $100,000, respectively. WWCI recognized credit loss expense of $99,435 and $35,345, respectively.

***Functional Allocation of Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among program, fundraising, and general and administrative services, which were benefited by those costs. Such allocations are determined by management on an equitable basis. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. Allocated expenses include the following:

| Expense | Method of Allocation |
|---|---|
| Salaries and benefits | Directly charged based on time tracked |
| Utilities | Proration based on direct usage |
| Occupancy | Proration based on studio and equipment usage |
| Outside services | Proration based on direct expenditures |
| Depreciation | Proration based on percent of total operating expense and studio usage |

***Operations***

Operating results in the statement of activities and changes in net assets reflect all day-to-day operating transactions, which increase or decrease net assets without restrictions, except for investment-related activities, interest rate swap gain or loss, and nonrecurring transactions.

***Income Taxes***

WWCI received a determination letter from the Internal Revenue Service in December 1957 indicating 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, 2024 and 2023. As of June 30, 2024, WWCI has both pre-2018 and post-2018 net operating losses (NOL) available for carryforward to offset any unrelated business income.

## Note 2 - Significant Accounting Policies (Continued)

***Reclassification***

Certain 2023 amounts have been reclassified to conform to the 2024 presentation. For example, special events revenue has been separated from development revenue and is now shown as a distinct line item on the statement of activities and changes in net assets. In addition, approximately $200,000 has been reclassified from pledges receivable - net to be presented within accounts receivable - net and program rights and other assets. There is no effect to overall net assets as a result of these reclassifications.

***Change in Accounting Principle***

WWCI has changed to a preferable accounting principle in 2024 related to the methodology in which programming net assets with donor restrictions are released. The change focuses on the release of net assets with donor restrictions as progress over programming production incurs, rather than waiting until the air date of the program. The retrospective application of the change results in additional releases of $750,000 over beginning net assets with donor restrictions as of July 1, 2023 and additional releases of $1,189,000 in net assets with donor restrictions as of June 30, 2023.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including December 20, 2024, which is the date the financial statements were available to be issued.

## Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2023, WWCI adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU requires WWCI to measure all expected credit losses for financial instruments, such as receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. WWCI has elected to adopt the ASU on a modified retrospective basis as of July 1, 2023. There was no impact on net assets as a result of adopting the new ASU.

## Note 4 - Accounts Receivable

The following is the detail of accounts receivable:

| | 2024 | 2023 |
|---|---|---|
| Agencies and institutes | $ 267,892 | $ 394,990 |
| Schools/Colleges/Universities | 43,518 | 75,607 |
| Symphonies and orchestras | 67,092 | 150,769 |
| TV and radio stations | 69,760 | 98,852 |
| Festivals | 15,872 | 16,880 |
| Other | 140,936 | 235,990 |
| Total accounts receivable | 605,070 | 973,088 |
| Less allowance for credit losses | (108,634) | (100,000) |
| Net accounts receivable | $ 496,436 | $ 873,088 |

The activity in the allowance for credit losses is as follows:

| | |
|---|---|
| Balance - June 30, 2023 | $ 100,000 |
| Additions charged to expense | 99,435 |
| Deductions/Write-offs | (90,801) |
| Balance - June 30, 2024 | $ 108,634 |

## Note 5 - Pledges Receivable

Pledge and underwriting receivables consist of the following as of June 30:

| | 2024 | 2023 |
|---|---|---|
| Pledges: | | |
| Noncampaign | $ 1,628,000 | $ 2,184,000 |
| Campaign | - | 200,000 |
| Total current pledges receivable | $ 1,628,000 | $ 2,384,000 |
| Long-term pledges - Net of discount of $86,351 and $0 as of June 30, 2024 and 2023, respectively | $ 633,649 | $ 1,408,000 |

WWCI used a rate of 4.50 percent and 0.00 percent to calculate the present value of long-term pledges receivable as of June 30, 2024 and 2023, respectively.

The future pledges receivable as of June 30, 2024 are as follows:

| | |
|---|---|
| Less than one year | $ 1,628,000 |
| One to five years | 510,000 |
| Thereafter | 210,000 |
| Total | 2,348,000 |
| Less pledge discount | (86,351) |
| Net | $ 2,261,649 |

## Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value as follows:

***Level 1***

Observable inputs that reflect unadjusted quoted prices for identical assets in active markets as of the reporting date. Active markets are those in which transactions for the asset 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.

***Level 3***

Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using their own judgment of the assumptions a market participant would use in pricing the asset.

***Net Asset Value***

Interests in investment companies at year end are measured at the fair value of the investments held and based on net asset value (NAV) per share (or its equivalent) of the investment company.

## Note 6 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. WWCI's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables set forth by level within the fair value hierarchy WWCI's financial assets that were accounted for at fair value on a recurring basis as of June 30, 2024 and 2023. 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.

| | Assets Measured at Fair Value on a Recurring Basis at June 30, 2024 | | | | |
|---|---|---|---|---|---|
| | Fair Value as of June 30, 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | NAV per Share |
| **Assets** | | | | | |
| U.S. equity funds - Large cap | $ 19,486,507 | $ 16,608,739 | $ 2,877,768 | $ - | $ - |
| Fixed-income securities | 6,319,173 | 6,319,173 | - | - | - |
| International equity funds | 4,503,612 | 4,503,612 | - | - | - |
| Exchange-traded funds | 8,387,446 | 8,387,446 | - | - | - |
| Alternative investments: | | | | | |
| Absolute return | 6,151,082 | - | - | - | 6,151,082 |
| International equity | 4,636,882 | - | - | - | 4,636,882 |
| Hedged equity | 10,488,140 | - | - | - | 10,488,140 |
| Other assets: | | | | | |
| Beneficial interest in trust | 1,025,157 | - | - | 1,025,157 | - |
| Interest rate swap | 1,555,187 | - | 1,555,187 | - | - |
| Total | $ 62,553,186 | $ 35,818,970 | $ 4,432,955 | $ 1,025,157 | $ 21,276,104 |

| | Assets Measured at Fair Value on a Recurring Basis at June 30, 2023 | | | | |
|---|---|---|---|---|---|
| | Fair Value as of June 30, 2023 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | NAV per Share |
| **Assets** | | | | | |
| U.S. equity funds - Large cap | $ 17,408,330 | $ 14,367,226 | $ 3,041,104 | $ - | $ - |
| Fixed-income securities | 5,546,701 | 5,546,701 | - | - | - |
| International equity funds | 4,078,889 | 4,078,889 | - | - | - |
| Exchange-traded funds | 4,173,481 | 4,173,481 | - | - | - |
| Alternative investments: | | | | | |
| Absolute return | 6,369,917 | - | - | - | 6,369,917 |
| International equity | 6,831,937 | - | - | - | 6,831,937 |
| Hedged equity | 9,334,080 | - | - | - | 9,334,080 |
| Other assets: | | | | | |
| Beneficial interest in trust | 911,271 | - | - | 911,271 | - |
| Interest rate swap | 1,836,476 | - | 1,836,476 | - | - |
| Total | $ 56,491,082 | $ 28,166,297 | $ 4,877,580 | $ 911,271 | $ 22,535,934 |

## Note 6 - Fair Value Measurements (Continued)

The following table reconciles the June 30, 2024 and 2023 fair values to the related investments as shown on the statement of financial position:

| | 2024 | 2023 |
|---|---|---|
| Fair values as of June 30 | $ 62,553,186 | $ 56,491,082 |
| Less: | | |
| Beneficial interest in trust | (1,025,157) | (911,271) |
| Interest rate swap | (1,555,187) | (1,836,476) |
| Total investments per statement of financial position | $ 59,972,842 | $ 53,743,335 |

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 the last reported sale 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 U.S. equity funds - large cap were based on similar investments that are traded on the secondary market.

Interest rate swaps are not traded on an exchange. WWCI obtains the fair value of the swap from the counterparty, which is then tested using observable Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted). Level 2 inputs for swap valuation were limited to quoted prices for similar assets or liabilities in active markets (specifically future contracts) and inputs other than quoted prices that were observable for the asset or liabilities (specifically SOFR cash and swap rates, implied volatility for options, caps and floors, basis swap adjustments, and credit risk at commonly quoted intervals).

***Level 3***

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 statement of activities and changes in net assets in the period in which they occur.

## Note 6 - Fair Value Measurements (Continued)

The following table presents a reconciliation of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy as of June 30, 2024 and 2023:

| | Beneficial Interest in Trust as of June 30, 2024 | Beneficial Interest in Trust as of June 30, 2023 |
|---|---|---|
| Beginning balance - June 30, 2023 and 2022 | $ 911,271 | $ 843,514 |
| Total unrealized gains included in change in net assets | 113,886 | 67,757 |
| Ending balance - June 30, 2024 and 2023 | $ 1,025,157 | $ 911,271 |
| Total gains for the period included in change in net assets attributable to the change in unrealized gains related to Level 3 assets still held as of June 30, 2024 and 2023 | $ 113,886 | $ 67,757 |

The beneficial interest in trust pertains to an investment that is held in trust by a third party and cannot be redeemed until the year 2482.

Level 3 gains and losses (realized and unrealized) included in the change in net assets for the periods above are reported in investment earnings, net of expenses in the statement of activities and changes in net assets. Level 3 unrealized gains and losses included in the change in net assets that are still held as of June 30, 2024 for the periods above are reported in investment earnings, net of expenses in the statement of activities and changes in net assets.

The following table summarizes the fair value measurements of investments in other investment funds that calculate NAV per share (or its equivalent) as of June 30, 2024 and 2023. The investments below are valued at NAV, and there are no unfunded commitments as of June 30, 2024 and 2023.

| | Fair Value as of June 30, 2024 | Fair Value as of June 30, 2023 | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|
| Assets - Alternative investments: | | | | |
| Absolute return (a) | $ 364,038 | $ 464,921 | Annually | 45 - 95 days |
| Absolute return (a) | 5,787,044 | 5,904,996 | Quarterly | 65 days |
| International equity (b) | 4,636,882 | 3,008,296 | Weekly | 5 days |
| International equity (b) | - | 3,823,641 | Daily, Monthly | 5 - 30 days |
| Hedged equity (c) | 10,488,140 | 9,334,080 | 5-yr lockout | 60 days |
| Total alternative investments | $ 21,276,104 | $ 22,535,934 | | |

(a) This category includes multistrategy, absolute return investments focused on probability-adjusted asset returns capturing the alpha in mispriced securities across conventional and alternative financial strategies. As of June 30, 2024 and 2023, all of the investments in this category have passed their initial lock-up periods.

(b) This category includes investments in Asia's and Latin America's emerging markets debt and equity securities. As of June 30, 2024 and 2023, all of the investments in this category have passed their initial lock-up periods.

(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, 2024 and 2023, all of the investments in this category have passed their initial lock-up periods.

## Note 7 - Investments

The details of WWCI's long-term investments are summarized as follows as of June 30:

| | 2024 Cost | 2024 Fair Value |
|---|---|---|
| U.S. equity funds | $ 8,607,529 | $ 19,486,507 |
| Fixed-income funds | 6,307,509 | 6,319,173 |
| International equity funds | 3,828,864 | 4,503,612 |
| Exchange-traded funds | 7,250,010 | 8,387,446 |
| Alternative investments: | | |
| Absolute return | 2,928,464 | 6,151,082 |
| International equity | 4,430,818 | 4,636,882 |
| Hedged equity | 5,455,382 | 10,488,140 |
| Total alternative investments | 12,814,664 | 21,276,104 |
| Total long-term investments | $ 38,808,576 | $ 59,972,842 |

| | 2023 Cost | 2023 Fair Value |
|---|---|---|
| U.S. equity funds | $ 12,172,577 | $ 17,408,330 |
| Fixed-income funds | 5,624,099 | 5,546,701 |
| International equity funds | 3,305,670 | 4,078,889 |
| Exchange-traded funds | 3,968,339 | 4,173,481 |
| Alternative investments: | | |
| Absolute return | 3,636,847 | 6,369,917 |
| International equity | 4,742,791 | 6,831,937 |
| Hedged equity | 5,455,382 | 9,334,080 |
| Total alternative investments | 13,835,020 | 22,535,934 |
| Total long-term investments | $ 38,905,705 | $ 53,743,335 |

## Note 8 - Property and Equipment

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

| | 2024 | 2023 | Depreciable Life - Years |
|---|---|---|---|
| Technical equipment | $ 39,213,333 | $ 39,137,305 | 3-5 |
| Building and leasehold improvements | 33,345,160 | 33,212,477 | 7-40 |
| Furniture, fixtures, and other assets | 9,929,666 | 9,664,799 | 2-10 |
| Construction in progress | 210,131 | 345,500 | - |
| Total property and equipment | 82,698,290 | 82,360,081 | |
| Less accumulated depreciation and amortization | 62,559,692 | 60,488,817 | |
| Net property and equipment | $ 20,138,598 | $ 21,871,264 | |

Depreciation expense for 2024 and 2023 was $2,111,080 and $2,111,994, respectively.

## Note 9 - Line of Credit and Related Swap Agreements

On June 5, 2020, WWCI entered into a long-term line of credit agreement with CIBC Bank (CIBC). The CIBC line of credit agreement is used to support working capital requirements and expenditures on long-term capital projects. This agreement permits borrowings of up to $30,000,000. Outstanding borrowings bear interest at the current Secured Overnight Financing Rate (SOFR) (5.41 and 5.15 percent as of June 30, 2024 and 2023, respectively) plus 1.5 percent. This agreement is collateralized primarily with the board-designated endowment and expires on June 5, 2027. There are minimum debt service coverage ratio and liquidity ratio covenants WWCI is required to meet according to the debt agreement. The loan is non-amortizing but has a provision that requires $5 million of availability for 30 days during the fourth quarter of the fiscal year. As of June 30, 2024 and 2023, WWCI had $7,400,000 and $7,100,000, respectively, of borrowings under the CIBC line of credit.

Interest expense related to WWCI's line of credit was $599,947 and $514,175 for the years ended June 30, 2024 and 2023, respectively.

Effective July 5, 2020, WWCI began limited use of an interest rate swap for the purpose of managing interest rate risks with a notional value of $10,000,000. Interest rate swap agreements are used to convert floating-rate long-term debt to a fixed rate. Per the agreement, WWCI will pay a fixed annual rate of 0.78 percent through March 6, 2023 and receive the floating one-month United States dollar (USD)-LIBOR. Subsequent to March 6, 2023, WWCI will pay a fixed annual rate of 0.715 percent until termination date and receive the floating one-month USD-SOFR-CME. The floating rate for the swap entered into is floored at 0.00 percent until July 5, 2022, and the overall swap agreement terminates on June 5, 2027.

Effective November 19, 2021, WWCI began limited use of an additional interest rate swap with a notional value of $5,000,000. Per the agreement, WWCI will pay a fixed annual rate of 1.50 percent through March 6, 2023 and receive the floating one-month USD-LIBOR. Subsequent to March 6, 2023, WWCI will pay a fixed annual rate of 1.425 percent until termination date and receive the floating one-month USD-SOFR-CME. The overall swap agreement terminates on November 19, 2028.

The change in fair value of these instruments is recorded as a movement in the statement of activities and changes in net assets. The decrease in the fair value of the interest rate swaps for the fiscal year ended June 30, 2024 was $281,289. The increase in the fair value of the interest rate swaps for the fiscal year ended June 30, 2023 was $369,372.

## Note 10 - Net Assets with Donor Restrictions

Net assets are available for the following purposes or periods as of June 30:

| | 2024 | 2023 |
|---|---|---|
| Time restriction - General | $ 13,218,565 | $ 11,895,942 |
| Purpose restriction: | | |
| Campaign | 3,607,347 | 8,407,347 |
| Capital | 126,000 | - |
| Chicago Tonight internships | 762,835 | 527,312 |
| Midnight Special | 174,941 | 186,234 |
| Patner internships | 18,074 | 8,011 |
| Davee Digitalization | 462,274 | 215,723 |
| Programming | 2,747,517 | 5,849,274 |
| Endowment investments | 9,350,269 | 8,991,141 |
| Total purpose restriction | 17,249,257 | 24,185,042 |
| Net assets with donor restrictions | $ 30,467,822 | $ 36,080,984 |

## Note 11 - Endowment

WWCI's endowment consists of 19 individual funds and includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Endowments designated by the board are for the purpose of long-term sustainability within the organization. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

WWCI is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures.

Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of WWCI has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, WWCI considers a fund to be underwater if the fair market value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. WWCI has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, WWCI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the donor-restricted endowment funds
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of WWCI
- 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 and board-designated funds. A total of 4 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 percent operating transfer totaling $1,700,000 in 2024 and 2023. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner 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 percent or CPI plus 5 percent. 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.

## Note 11 - Endowment (Continued)

***Funds with Deficiencies***

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 SPMIFA requires WWCI to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2024 and 2023.

Endowment net asset composition by type of fund as of June 30, 2024 is composed of the following:

| | Endowment Net Asset Composition by Type of Fund as of June 30, 2024 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds | $ 39,465,463 | $ - | $ 39,465,463 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 9,350,269 | 9,350,269 |
| Original donor-restricted gift amount and amounts temporarily restricted | - | 3,596,802 | 3,596,802 |
| Accumulated investment activity | - | 7,560,308 | 7,560,308 |
| Total donor-restricted endowment funds | - | 20,507,379 | 20,507,379 |
| Total | $ 39,465,463 | $ 20,507,379 | $ 59,972,842 |

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets - Beginning of year | $ 35,834,389 | $ 17,908,946 | $ 53,743,335 |
| Investment return: | | | |
| Investment earnings - Net of fees | 186,409 | 229,012 | 415,421 |
| Net realized and unrealized appreciation | 4,515,519 | 2,561,233 | 7,076,752 |
| Total investment return | 4,701,928 | 2,790,245 | 7,492,173 |
| Contributions | - | 468,473 | 468,473 |
| Appropriation of endowment assets | - | (31,139) | (31,139) |
| Annual board appropriation of endowment funds to operations | (1,070,854) | (629,146) | (1,700,000) |
| Endowment net assets - End of year | $ 39,465,463 | $ 20,507,379 | $ 59,972,842 |

## Note 11 - Endowment (Continued)

Endowment net asset composition by type of fund as of June 30, 2023 is composed of the following:

| | Endowment Net Asset Composition by Type of Fund as of June 30, 2023 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds | $ 35,834,389 | $ - | $ 35,834,389 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 8,991,141 | 8,991,141 |
| Original donor-restricted gift amount and amounts temporarily restricted | - | 3,509,457 | 3,509,457 |
| Accumulated investment activity | - | 5,408,348 | 5,408,348 |
| Total donor-restricted endowment funds | - | 17,908,946 | 17,908,946 |
| Total | $ 35,834,389 | $ 17,908,946 | $ 53,743,335 |

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets - Beginning of year | $ 37,804,196 | $ 15,090,823 | $ 52,895,019 |
| Investment return: | | | |
| Investment earnings - Net of fees | 319,678 | 198,673 | 518,351 |
| Net realized and unrealized (loss) appreciation | (929,631) | 2,578,139 | 1,648,508 |
| Total investment return | (609,953) | 2,776,812 | 2,166,859 |
| Contributions | - | 381,457 | 381,457 |
| Annual board appropriation of endowment funds to operations | (1,359,854) | (340,146) | (1,700,000) |
| Endowment net assets - End of year | $ 35,834,389 | $ 17,908,946 | $ 53,743,335 |

## Note 12 - Leases

In 1964, WWCI entered into a lease for office space at 5400 N. St. Louis Ave. in Chicago, Illinois, which has been amended once. In January 2024, WWCI entered into the first amendment, which increases monthly rent payments every two years based on market rate adjustments. The term of the lease is through December 31, 2061.

In 2000, WWCI entered into a lease for antenna space at the Willis Tower, 233 S. Wacker Drive, in Chicago, Illinois, which has been amended four times. In February 2020, WWCI entered into a fourth amendment to extend the lease term through October 2030. The lease agreement contains escalating rent payments of 3 percent every 12 months.

In 2014, WWCI entered into a lease for parking space at 5400 N. St. Louis Ave. in Chicago, Illinois. The term of the lease was from January 1, 2014 through December 31, 2023. After December 31, 2023, the lease will renew in one-year increments on December 31 of each year, unless WWCI terminates lease agreement. The lease agreement contains escalating rent payments of 3 percent after every 12 months.

## Note 12 - Leases (Continued)

In connection with the operating leases, WWCI was granted lease incentives related to deferred rent. Lease incentives are treated as a reduction of the right-of-use asset and are recognized as a reduction in lease expense on a straight-line basis.

The right-of-use asset and related lease liability for operating leases have been calculated using discount rates ranging from 2.88 percent to 4.08 percent.

WWCI leases copiers under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments of $5,591, plus overage fees, are due monthly through December 31, 2024.

The right-of-use asset and related lease liability have been calculated using a 2.85 percent discount rate. Total finance lease expense was $64,914 for the years ended June 30, 2024 and 2023.

Expenses recognized under these leases for the years ended June 30, 2024 and 2023 consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Lease cost: | | |
| Finance lease cost: | | |
| Amortization of right-of-use assets | $ 64,914 | $ 64,914 |
| Interest on lease liabilities | 1,962 | 3,793 |
| Operating lease cost | 330,032 | 311,234 |
| Total lease cost | $ 396,908 | $ 379,941 |
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from finance leases | $ 1,962 | $ 3,793 |
| Operating cash flows from operating leases | 260,107 | 225,286 |
| Financing cash flows from finance leases | 67,327 | 67,327 |
| Weighted-average remaining lease term (years) - Finance leases | 0.50 | 2.00 |
| Weighted-average remaining lease term (years) - Operating leases | 28.40 | 27.58 |
| Weighted-average discount rate - Finance leases | 2.9 % | 2.9 % |
| Weighted-average discount rate - Operating leases | 3.7 % | 3.1 % |

## Note 12 - Leases (Continued)

The future minimum lease payments under operating and finance leases are as follows:

| Years Ending June 30 | Operating Leases | Finance Leases | Total Payments |
|---|---|---|---|
| 2025 | $ 294,029 | $ 33,664 | $ 327,693 |
| 2026 | 300,906 | - | 300,906 |
| 2027 | 294,423 | - | 294,423 |
| 2028 | 287,738 | - | 287,738 |
| 2029 | 294,303 | - | 294,303 |
| Thereafter | 6,885,683 | - | 6,885,683 |
| Total | 8,357,082 | 33,664 | 8,390,746 |
| Less amount representing interest | 3,656,343 | 277 | 3,656,620 |
| Present value of net minimum lease payments | 4,700,739 | 33,387 | 4,734,126 |
| Less current obligations | 123,332 | 33,387 | 156,719 |
| Long-term obligations under leases | $ 4,577,407 | $ - | $ 4,577,407 |

## Note 13 - Retirement Plan

All eligible employees are included in WWCI defined contribution retirement plan. Under this plan, eligible employees may voluntarily contribute up to 6.00 percent of their base compensation to the plan for the years ended June 30, 2024 and 2023. Such contributions are matched by WWCI up to 6.00 percent for all employees for the years ended June 30, 2024 and 2023. All contributions are used to purchase mutual funds and individual annuity contracts. The amounts contributed and charged to expense for the years ended June 30, 2024 and 2023 were $645,111 and $562,875, respectively.

## Note 14 - Contributed Nonfinancial Assets

WWCI recorded the following contributed nonfinancial assets on the statement of activities and changes in net assets for the years ended June 30, 2024 and 2023 as follows:

| | 2024 | 2023 |
|---|---|---|
| Rent | $ 81,600 | $ 569,088 |
| Vehicles | 310,020 | 293,418 |
| Real estate | 4,532 | - |
| Total | $ 396,152 | $ 862,506 |

WWCI recognized contributed nonfinancial assets within revenue, including rent and donated vehicles and real estate. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed rent is valued and reported at its estimated fair value in the financial statements based on market advertising rates exchanged for antenna rental space in the Chicago area.

## Note 14 - Contributed Nonfinancial Assets (Continued)

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

It is WWCI's policy to sell all contributed real estate immediately upon receipt unless the real estate is restricted for use in a specific program by the donor. No real estate received during the fiscal year was restricted for use. All real estate was sold and valued according to the actual cash proceeds on the disposition.

## Note 15 - Liquidity and Availability of Resources

The following table reflects WWCI's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the board-designated endowment fund that could be drawn upon if the governing board approves that action. However, amounts that are already appropriated from either the donor-restricted endowment or board-designated endowment for general expenditure within one year of June 30, 2024 and 2023 have not been subtracted as unavailable.

| | 2024 | 2023 |
|---|---|---|
| Cash | $ 1,029,099 | $ 717,940 |
| Investments | 59,972,842 | 53,743,335 |
| Beneficial interest in trust | 1,025,157 | 911,271 |
| Accounts receivable - Net | 496,436 | 873,088 |
| Pledges receivable - Net | 2,261,649 | 3,792,000 |
| Total financial assets | 64,785,183 | 60,037,634 |
| Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions: | | |
| Restricted by donor with implied time restrictions - Pledges collectible in one to five years | 633,649 | 1,408,000 |
| Restricted by donors with time or purpose restrictions subject to appropriation and satisfaction of donor restrictions | 3,627,992 | 6,128,554 |
| Donor-restricted gift amounts required to be maintained in perpetuity by the donor | 9,350,269 | 8,991,141 |
| Investments held in third-party trusts | 1,025,157 | 911,271 |
| Board-designated endowment funds - Net of expected current year appropriations | 39,465,463 | 35,834,389 |
| Total restricted financial assets | 54,102,530 | 53,273,355 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 10,682,653 | $ 6,764,279 |

WWCI is partially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, WWCI must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditures within one year. As part of WWCI’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. It is WWCI’s policy to have 14 months of operating expenses, calculated using annual budget amounts exclusive of distributions and major expenses available for current operations. The shortfall or surplus amounts on hand are applied to the quasi board-designated endowment fund upon approval by WWCI’s chief financial officer. In the event of an unanticipated liquidity need, WWCI could also draw upon its $30 million line of credit, as described in Note 9.