

**WGBH Educational  
Foundation and Subsidiaries**  
Consolidated Financial Statements  
Supplemental Consolidating Information  
June 30, 2021 and 2020

# WGBH Educational Foundation and Subsidiaries

## Index

June 30, 2021 and 2020

---

	Page(s)
<b>Report of Independent Auditors</b> .....	1–2
<b>Consolidated Financial Statements</b>	
Statements of Financial Position.....	3
Statements of Activities .....	4–5
Statements of Cash Flows .....	6
Statements of Functional Expenses .....	7–8
Notes to Financial Statements .....	9–44
<b>Supplemental Consolidating Information</b>	
Statement of Financial Position as of June 30, 2021.....	45
Statement of Activities for the year ended June 30, 2021 .....	46–47
Statement of Financial Position as of June 30, 2020.....	48
Statement of Activities for the year ended June 30, 2020 .....	49–50
Note to Supplemental Consolidating Information .....	51



## **Report of Independent Auditors**

To the Board of Trustees of  
WGBH Educational Foundation

We have audited the accompanying consolidated financial statements of WGBH Educational Foundation and its subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, of cash flows, and of functional expenses for the years then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We did not audit the financial statements of PRX, Inc., a subsidiary whose sole member is WGBH Educational Foundation, which statements reflect total assets of \$20,851,247 and \$19,594,356 as of June 30, 2021 and 2020, respectively, and total revenues of \$44,031,305 and \$36,333,361 for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for PRX, Inc., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WGBH Educational Foundation and its subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, the Foundation changed the manner in which it accounts for leases in 2021. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual companies.

*PricewaterhouseCoopers LLP*

Boston, Massachusetts  
November 22, 2021

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Current assets		
Cash	\$ 76,193,406	\$ 48,303,386
Short-term investments	30,866,075	17,016,588
Accounts receivable	36,399,600	36,770,672
Current portion of receivables for asset sales	5,303,235	5,355,074
Current portion of grants receivable, net	4,938,908	5,145,020
Current portion of pledges receivable, net	4,953,912	3,650,148
Film assets	31,504,875	28,988,450
Prepaid expenses and other assets	3,929,970	3,200,058
Total current assets	194,089,981	148,429,396
Long-term pledges receivable, net	5,599,866	3,400,156
Long-term grants receivable, net	646,292	186,702
Long-term receivables for asset sales	96,241,187	96,135,547
Radio and television licenses	20,446,713	20,446,713
Intangible assets	380,000	890,833
Other assets	5,110,320	9,985,787
Equity investments	24,113,920	23,035,543
Funds held under bond agreements - restricted	2,053,133	2,099,903
Long-term investments	528,090,772	410,654,757
Assets held for sale	-	1,800,000
Right-of-use assets	46,045,306	-
Property, facilities and equipment, net	150,918,996	155,340,263
Total assets	\$ 1,073,736,486	\$ 872,405,600
<b>Liabilities</b>		
Current liabilities		
Current maturities of debt	\$ 7,558,621	\$ 6,913,242
Accounts payable	16,619,652	12,694,884
Accrued expenses	21,360,187	17,067,332
Royalties payable	3,782,375	2,781,368
Accrued bond interest expense	5,075,933	5,170,775
Lease liabilities	1,420,627	-
Deferred revenue and other liabilities	22,432,048	17,492,116
Total current liabilities	78,249,443	62,119,717
Long-term deferred revenue and other liabilities	64,635,991	73,039,770
Long-term lease liabilities	48,583,445	-
Long-term debt, net	163,448,768	171,471,828
Accrued bond interest expense	28,922,861	26,480,112
Total liabilities	383,840,508	333,111,427
Commitments and contingencies (Note 14)		
Net assets		
Without donor restrictions: WGBH Educational Foundation	552,891,742	422,879,023
Without donor restrictions: Noncontrolling interest in CDP	878,654	851,868
Total net assets without donor restrictions	553,770,396	423,730,891
With donor restrictions	136,125,582	115,563,282
Total net assets	689,895,978	539,294,173
Total liabilities and net assets	\$ 1,073,736,486	\$ 872,405,600

The accompanying notes are an integral part of these consolidated financial statements.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenue</b>			
Licensing	\$ 52,910,971	\$ -	\$ 52,910,971
Underwriting	45,684,165	-	45,684,165
Viewer and listener support	37,977,986	-	37,977,986
Grants and contributions	8,665,490	32,804,703	41,470,193
Community service grants from Corporation for Public Broadcasting	8,353,043	-	8,353,043
Royalties	14,553,649	-	14,553,649
Captioning and ancillary services	4,708,308	-	4,708,308
Other services revenue	14,369,839	-	14,369,839
Planned giving	2,274,931	3,337,550	5,612,481
Change in value of split interest agreements	-	4,010,573	4,010,573
Accretion of interest and other income on long-term receivables	5,408,875	-	5,408,875
Gain on equity investments	16,288,124	-	16,288,124
Investment earnings authorized for operations	17,504,098	(2,722,005)	14,782,093
In-kind contributions and donated services	993,738	-	993,738
Affiliation fee	4,183,146	-	4,183,146
Distribution fee	6,684,207	-	6,684,207
Miscellaneous income	10,763,890	-	10,763,890
Total operating revenue	<u>251,324,460</u>	<u>37,430,821</u>	<u>288,755,281</u>
Net assets released from restrictions	<u>35,544,514</u>	<u>(35,544,514)</u>	<u>-</u>
Total operating revenue and other support	<u>286,868,974</u>	<u>1,886,307</u>	<u>288,755,281</u>
<b>Operating expenses</b>			
Program services			
Programming and production	163,561,796	-	163,561,796
Broadcasting	48,961,097	-	48,961,097
Public information, guides and educational material	13,397,307	-	13,397,307
Total program services	<u>225,920,200</u>	<u>-</u>	<u>225,920,200</u>
Supporting services			
Fundraising and development	15,065,334	-	15,065,334
Underwriting	8,326,415	-	8,326,415
General and administrative	25,020,297	-	25,020,297
Total supporting services	<u>48,412,046</u>	<u>-</u>	<u>48,412,046</u>
Total operating expenses	<u>274,332,246</u>	<u>-</u>	<u>274,332,246</u>
Surplus of operating revenue and other support over operating expenses	<u>12,536,728</u>	<u>1,886,307</u>	<u>14,423,035</u>
<b>Nonoperating gains (losses)</b>			
Net realized and unrealized gains on investments	132,055,037	18,459,584	150,514,621
Investment (loss) income	(1,903,364)	11,668	(1,891,696)
Investments earnings authorized for operations	(14,782,093)	-	(14,782,093)
Other gains, net	2,311,152	-	2,311,152
Nonoperating gains, net	<u>117,680,732</u>	<u>18,471,252</u>	<u>136,151,984</u>
Net asset transfers	<u>(204,741)</u>	<u>204,741</u>	<u>-</u>
Increase in net assets: WGBH Educational Foundation	130,012,719	20,562,300	150,575,019
Change in net assets: Noncontrolling interest in CDP	26,786	-	26,786
Total increase in net assets	<u>130,039,505</u>	<u>20,562,300</u>	<u>150,601,805</u>
<b>Net assets</b>			
Beginning of year	<u>423,730,891</u>	<u>115,563,282</u>	<u>539,294,173</u>
End of year	<u>\$ 553,770,396</u>	<u>\$ 136,125,582</u>	<u>\$ 689,895,978</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenue</b>			
Licensing	\$ 55,142,628	\$ -	\$ 55,142,628
Underwriting	41,452,457	-	41,452,457
Viewer and listener support	35,003,715	-	35,003,715
Grants and contributions	6,377,089	28,571,052	34,948,141
Community service grants from Corporation for Public Broadcasting	10,446,420	-	10,446,420
Royalties	3,110,392	-	3,110,392
Captioning and ancillary services	5,666,189	-	5,666,189
Other services revenue	15,760,226	-	15,760,226
Planned giving	2,104,525	695,565	2,800,090
Change in value of split interest agreements	-	553,931	553,931
Accretion of interest and other income on long-term receivables	5,367,103	-	5,367,103
Gain on equity investments	15,308,211	-	15,308,211
Investment earnings authorized for operations	16,980,924	(2,052,275)	14,928,649
In-kind contributions and donated services	855,266	-	855,266
Affiliation fee	4,282,576	-	4,282,576
Distribution fee	7,055,302	-	7,055,302
Miscellaneous income	9,139,116	-	9,139,116
Total operating revenue	234,052,139	27,768,273	261,820,412
Net assets released from restrictions	37,858,547	(37,858,547)	-
Total operating revenue and other support	271,910,686	(10,090,274)	261,820,412
<b>Operating expenses</b>			
Program services			
Programming and production	176,581,163	-	176,581,163
Broadcasting	44,977,995	-	44,977,995
Public information, guides and educational material	12,413,688	-	12,413,688
Total program services	233,972,846	-	233,972,846
Supporting services			
Fundraising and development	16,842,671	-	16,842,671
Underwriting	8,295,086	-	8,295,086
General and administrative	25,526,939	-	25,526,939
Total supporting services	50,664,696	-	50,664,696
Total operating expenses	284,637,542	-	284,637,542
Deficit of operating revenue and other support over operating expenses	(12,726,856)	(10,090,274)	(22,817,130)
<b>Nonoperating gains</b>			
Contribution from acquisition of NEPM	3,213,365	426,301	3,639,666
Net realized and unrealized gains on investments	23,223,095	3,222,600	26,445,695
Investment (loss) income	(2,669,848)	336,983	(2,332,865)
Investments earnings authorized for operations	(14,928,649)	-	(14,928,649)
Other gains	2,290,973	-	2,290,973
Nonoperating gains, net	11,128,936	3,985,884	15,114,820
Decrease in net assets: WGBH Educational Foundation	(1,597,920)	(6,104,390)	(7,702,310)
Change in net assets: Noncontrolling interest in CDP	1,000,043	-	1,000,043
Total decrease in net assets	(597,877)	(6,104,390)	(6,702,267)
<b>Net assets</b>			
Beginning of year	424,328,768	121,667,672	545,996,440
End of year	\$ 423,730,891	\$ 115,563,282	\$ 539,294,173

The accompanying notes are an integral part of these consolidated financial statements.

# WGBH Educational Foundation and Subsidiaries

## Consolidated Statements of Cash Flows

### Years Ended June 30, 2021 and 2020

	2021	2020
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 150,601,805	\$ (6,702,267)
Adjustments to reconcile increase (decrease) in net assets to cash used in operating activities		
Contribution revenue from acquisition	-	(3,639,666)
Change in realized and unrealized gains on investments, split interest agreements, and beneficial interest in perpetual trusts	(154,525,194)	(26,999,626)
Depreciation and amortization	9,878,173	12,619,391
Amortization of film assets	64,280,724	74,826,330
Amortization of deferred assets and deferred liabilities	18,954	(2,104,359)
Amortization of right-of-use assets	2,014,842	-
Gain on equity investments	(16,288,124)	(15,308,211)
Loss (gain) on disposal of assets	43,796	(193,566)
Gain on forgiveness of debt	(1,603,029)	-
Contributions of securities	(3,089,722)	(2,878,449)
Proceeds from sale of contributed securities	2,419,618	968,393
Contributions restricted for investment in facilities and endowment	(2,500)	(138,115)
Accretion of interest on long-term receivables for asset sales	(5,408,875)	(5,367,103)
Impairment of held for sale asset	413,685	-
Bad debt expense	342,348	321,605
Changes in operating assets and liabilities		
Accounts receivable	94,302	3,328,296
Grants receivable	(257,627)	9,597,821
Pledges receivable	(3,564,903)	1,866,326
Prepaid expenses and other assets	607,172	456,187
Receivables for asset sales	5,355,074	4,813,548
Film assets	(68,781,029)	(63,168,281)
Accounts payable	4,916,508	3,582,705
Royalties payable	1,001,007	209,907
Accrued expenses	5,277,496	2,903,324
Accrued bond interest	2,347,907	2,346,746
Lease liabilities	(1,292,193)	-
Deferred revenue and other liabilities	461,671	(6,980,905)
Cash flows used in operating activities	(4,738,114)	(15,639,969)
<b>Cash flows from investing activities</b>		
Cash received from acquisition	-	235,649
Purchases of property, facilities and equipment	(3,853,105)	(5,341,314)
Distributions received from equity investments	15,209,747	10,214,928
Purchases of investments	(81,992,096)	(85,366,979)
Proceeds from sales of investments	102,629,419	97,093,335
Proceeds from the sale of contributed securities	111,091	107,995
Proceeds from sale of funds held under bond agreement	46,770	19,995
Cash flows provided by investing activities	32,151,826	16,963,609
<b>Cash flows from financing activities</b>		
Contributions restricted for investment in facilities and endowment	2,500	138,115
Proceeds from split interest agreement distribution for endowment	1,175,290	902,410
Proceeds from the sale of contributed securities	569,698	1,803,235
Line of credit advances	5,332,690	9,769,826
Line of credit payments	(5,272,738)	(8,097,816)
Proceeds from issuance of term loan	683,233	600,000
Debt principal payments	(2,014,365)	(2,741,937)
Cash flows provided by financing activities	476,308	2,373,833
Net increase in cash	27,890,020	3,697,473
<b>Cash</b>		
Beginning of year	48,303,386	44,605,913
End of year	\$ 76,193,406	\$ 48,303,386
<b>Supplemental cash flow information</b>		
Interest paid	\$ 6,517,179	\$ 6,584,196
In-kind contributions and donated services	993,738	855,266
Property, facilities and equipment included in accounts payable and accrued expenses	530,973	766,982
Film assets included in accounts payable and accrued expenses	3,892,035	1,908,155

The accompanying notes are an integral part of these consolidated financial statements.



**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	2021								
	Program Services			Total Program Services	Support Services				
Operating expenses	Programming and Production	Broadcasting	Public Information, Guides and Educational Material		Fundraising and Development	Underwriting	General and Administrative	Total Supporting Services	Total Operating Expenses
Salaries and wages	\$ 61,987,801	\$ 7,395,675	\$ 6,404,471	\$ 75,787,947	\$ 7,244,852	\$ 5,603,582	\$ 12,320,516	\$ 25,168,950	\$ 100,956,897
Retirement plan contributions	1,736,420	217,672	93,369	2,047,461	195,899	153,268	388,707	737,874	2,785,335
Other employee benefits	5,719,298	589,260	504,906	6,813,464	644,027	512,702	931,651	2,088,380	8,901,844
Payroll taxes	4,451,697	535,542	243,052	5,230,291	509,313	397,417	964,568	1,871,298	7,101,589
Legal fees	305,672	66,004	14,368	386,044	31,928	8,231	279,293	319,452	705,496
Accounting fees	256,657	18,262	12,584	287,503	43,504	9,751	805,533	858,788	1,146,291
Consulting and advisory services	3,695,996	1,373,918	2,734,440	7,804,354	431,345	181,452	906,415	1,519,212	9,323,566
Marketing and promotions	2,619,881	1,473,517	530,531	4,623,929	1,459,302	240,828	46,319	1,746,449	6,370,378
Information technology	3,677,709	1,142,590	1,754,225	6,574,524	381,061	218,374	465,495	1,064,930	7,639,454
Occupancy	4,448,560	675,959	194,918	5,319,437	459,799	192,807	1,435,200	2,087,806	7,407,243
Travel	268,706	11,272	1,281	281,259	3,609	1,857	11,231	16,697	297,956
Interest	5,552,405	386,211	273,481	6,212,097	678,908	263,127	1,781,383	2,723,418	8,935,515
Depreciation and amortization	4,925,361	1,762,906	204,182	6,892,449	481,969	179,021	2,275,872	2,936,862	9,829,311
Equipment expense	466,386	34,830	25,512	526,728	35,329	6,302	135,595	177,226	703,954
Insurance	663,831	33,802	20,840	718,473	72,144	16,149	434,400	522,693	1,241,166
Digital services	2,092,689	42,404	96,475	2,231,568	107,211	107,010	453,518	667,739	2,899,307
Rights and licenses	5,153,426	7,185	8,323	5,168,934	3,557	328	-	3,885	5,172,819
Production and acquisitions	53,417,597	8,963,468	140,123	62,521,188	465,389	54,909	106,958	627,256	63,148,444
In-kind	228,184	-	27,986	256,170	85,476	105,556	42,302	233,334	489,504
Bad debt	36,359	2,724	50,148	89,231	43,164	9,572	415,137	467,873	557,104
Miscellaneous	1,857,161	104,529	62,092	2,023,782	1,687,548	64,172	820,204	2,571,924	4,595,706
Distribution	-	24,123,367	-	24,123,367	-	-	-	-	24,123,367
<b>Total operating expenses</b>	<b>\$ 163,561,796</b>	<b>\$ 48,961,097</b>	<b>\$ 13,397,307</b>	<b>\$ 225,920,200</b>	<b>\$ 15,065,334</b>	<b>\$ 8,326,415</b>	<b>\$ 25,020,297</b>	<b>\$ 48,412,046</b>	<b>\$ 274,332,246</b>

The accompanying notes are an integral part of these consolidated financial statements.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	2020								
	Program Services				Support Services				
	Programming and Production	Broadcasting	Public Information, Guides and Educational Material	Total Program Services	Fundraising and Development	Underwriting	General and Administrative	Total Supporting Services	Total Operating Expenses
Operating expenses									
Salaries and wages	\$ 62,715,474	\$ 8,679,349	\$ 6,427,355	\$ 77,822,178	\$ 6,936,867	\$ 5,376,228	\$ 10,129,869	\$ 22,442,964	\$ 100,265,142
Retirement plan contributions	1,747,762	234,453	111,782	2,093,997	188,959	150,334	328,468	667,761	2,761,758
Other employee benefits	5,829,288	708,135	518,137	7,055,560	636,453	504,548	730,540	1,871,541	8,927,101
Payroll taxes	4,477,561	599,925	301,802	5,379,288	487,017	379,974	873,282	1,740,273	7,119,561
Legal fees	665,940	64,607	32,772	763,319	93,510	17,651	527,726	638,887	1,402,206
Accounting fees	399,311	34,855	19,891	454,057	80,042	11,089	940,539	1,031,670	1,485,727
Consulting and advisory services	4,159,752	898,871	148,556	5,207,179	2,050,229	230,213	1,174,397	3,454,839	8,662,018
Marketing and promotions	3,657,476	648,409	1,175,351	5,481,236	1,753,300	208,541	202,056	2,163,897	7,645,133
Information technology	3,136,994	907,874	1,790,431	5,835,299	339,259	177,346	727,979	1,244,584	7,079,883
Occupancy	4,481,700	914,694	223,031	5,619,425	524,931	197,789	1,447,316	2,170,036	7,789,461
Travel	1,875,070	534,859	64,580	2,474,509	93,087	78,027	284,625	455,739	2,930,248
Interest	5,927,523	476,202	309,751	6,713,476	730,050	260,409	1,352,777	2,343,236	9,056,712
Depreciation and amortization	5,229,214	1,715,009	259,441	7,203,664	536,654	179,662	4,699,411	5,415,727	12,619,391
Equipment expense	670,667	137,167	32,725	840,559	90,431	8,584	218,627	317,642	1,158,201
Insurance	642,319	50,329	22,120	714,768	64,915	12,331	282,581	359,827	1,074,595
Digital services	2,289,796	68,990	92,571	2,451,357	110,804	103,395	280,446	494,645	2,946,002
Rights and licenses	1,461,435	5,165	10,677	1,477,277	7,451	1,272	18,554	27,277	1,504,554
Production and acquisitions	65,445,896	9,218,528	217,718	74,882,142	733,460	97,049	118,985	949,494	75,831,636
In-kind	338,973	83,664	40,347	462,984	123,231	257,613	11,438	392,282	855,266
Bad debt	(139,188)	(8,047)	(4,593)	(151,828)	(46,989)	(4,675)	525,097	473,433	321,605
Miscellaneous	1,554,612	291,682	619,243	2,465,537	1,309,010	47,706	652,226	2,008,942	4,474,479
Distribution	13,588	18,713,275	-	18,726,863	-	-	-	-	18,726,863
Total operating expenses	<u>\$ 176,581,163</u>	<u>\$ 44,977,995</u>	<u>\$ 12,413,688</u>	<u>\$ 233,972,846</u>	<u>\$ 16,842,671</u>	<u>\$ 8,295,086</u>	<u>\$ 25,526,939</u>	<u>\$ 50,664,696</u>	<u>\$ 284,637,542</u>

The accompanying notes are an integral part of these consolidated financial statements.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

#### 1. Summary of Significant Accounting Policies

##### **Basis of Financial Statement Presentation**

The consolidated financial statements of WGBH Educational Foundation and Subsidiaries (the "Foundation") include the accounts of WGBH Educational Foundation and its wholly owned affiliated stations (WGBH-TV, WGBX-TV, WGBH-Radio, WCRB-Radio, WCAI-Radio, WNAN-Radio and Public Television Playhouse), collectively referred to herein as "GBH", as well as its subsidiaries PRX, Inc. ("PRX"), Contributor Development Partnership ("CDP") and New England Public Media, Inc. ("NEPM").

GBH is the sole corporate member of PRX and NEPM. PRX is a consolidated organization made up of PRX, Inc. and Public Radio International, Inc. ("PRI")

Effective July 23, 2019, the Foundation entered into an affiliation agreement with New England Public Radio ("NEPR"). NEPR business operations were combined with the Foundation's television station, WGBY, to create a new 501(c)3 entity called NEPM.

As of June 30, 2021 and June 30, 2020, the Foundation held an 89% and 80% equity interest in CDP, respectively. The Foundation has included CDP in the consolidated financial statements for the years ended June 30, 2021 and 2020, in accordance with ASC 810 *Consolidation*. The portion of CDP's shareholder's equity owned by other investors is reflected in the consolidated statement of financial position and statement of activities as a noncontrolling interest.

All significant intercompany accounts and transactions have been eliminated.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Net assets are classified as either with donor restrictions or without donor restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

##### **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are the part of net assets of a not-for-profit entity that are not subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates and c) the purposes specified in its articles of incorporation or bylaws or comparable documents. This classification includes all revenues, gains and expenses not restricted by donors. The Foundation reports all expenditures in this class of net assets, since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction.

Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees (the "Board"). Upon approval by the Board, transfers are made between undesignated and board-designated net assets without donor restrictions.

##### **Net Assets with Donor Restrictions**

Net assets with donor restrictions are the part of net assets of a not-for-profit entity subject to donor-imposed restrictions. These include contributions for which donor-imposed restrictions have not been met, endowment gifts required to be retained for either a term or in perpetuity, investment income and appreciation on endowment funds, charitable remainder unitrusts, pooled income funds, gift annuities, beneficial interests in perpetual trusts and pledges receivable.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

Donor-imposed restrictions may expire due to the passage of time or through actions of the Foundation pursuant to the stipulations of the donor. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions. The Foundation has not elected the simultaneous release option for unconditional nonexchange transactions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions include the donor-restricted gifts and pledges whose purpose restrictions are met in the same reporting year as the revenue is recognized.

The Foundation receives contributions from the Corporation for Public Broadcasting (“CPB”), foundations, major donors, and federal grants for the production of television programming. These contributions are reported as increases in net assets with donor restrictions. The Foundation’s policy is to release the contributions into net assets without donor restrictions upon delivery of the completed film. A completed film is defined as a single episode in a television series.

Contributions received which are designated to support purposes other than television programming are released from restriction as costs are incurred on the project.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities in accordance with the overall mission of the Foundation. In the consolidated statement of functional expenses, each functional classification displays all expenses related to the underlying operations by natural classification. Accordingly, certain costs, such as salaries, benefits, depreciation and maintenance have been allocated among the respective program and support services benefited based on total personnel costs or other systematic methods.

Depreciation expense associated with the Foundation’s buildings are allocated based on square footage occupancy. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt.

#### **Use of Estimates**

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the revenues and expenses reported for the period. Significant estimates include radio and television licenses, royalties payable, deferred revenue and other liabilities, and the valuation of nonmarketable investments (Notes 6 and 7). Actual results could differ from those estimates.

#### **Related Parties**

The Foundation may procure from time to time certain services from business organizations that employ individuals that are also members of the Foundation’s Board. The procurement of these services is performed in accordance with the Foundation’s established policies and procedures, and management and the Board report and monitor related party transactions in accordance with the Foundation’s Conflict of Interest Policy.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

The Chief Executive Officer is a Board member of Public Media Distribution LLC, which conducts business under the name PBS Distribution (“PBSd”), an affiliate in which the Foundation holds a 32% ownership interest at both June 30, 2021 and 2020. In 2021 and 2020, the Foundation provided rental space and administrative support services to PBSd. For the years ended June 30, 2021 and 2020 the Foundation earned \$210,000 in rental income and has net receivables of \$50,000 and \$371,000 for administrative support services as of June 30, 2021 and 2020, respectively.

Two executives of the Foundation’s affiliates serve as directors on the board of RadioPublic PBC (“RadioPublic”). These individuals include the Chief Operating Officer of GBH, a nonvoting board member, and the Chief Executive Officer of PRX, a voting board member. In 2020, the RadioPublic board issued common stock, which diluted GBH’s share of ownership. The Foundation holds a 13% interest in the voting shares of RadioPublic as of June 30, 2021 and 2020, respectively, valued at a total of \$454,000.

There were six members of PRX’s board of directors employed by member radio stations and one employed by a corporate funder as of June 30, 2021 and 2020. Revenue recognized from the member stations was \$3,478,000 and \$835,000 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Member stations contributed to expenses in the amount of \$4,167,000 and \$2,990,000 for the years ended June 30, 2021 and 2020, respectively. For both years, substantially all the activity was related to transactions with one station, incurred in the normal course of PRX’s operations. Revenue recognized from the corporate funder was \$1,266,000 and \$709,000 for the years ended June 30, 2021 and 2020, respectively. PRX had accounts receivable of \$305,000 and \$5,600 from the corporate funder as of June 30, 2021 and June 30, 2020, respectively.

#### **Changes in Accounting Principle**

In January 2017, the FASB issued ASU 2017-01, *Clarifying the Definition of a Business*. The standard clarifies the definition of a business by adding guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. During 2020, the Foundation adopted this standard, which did not have a material impact on the Foundation’s consolidated financial statements and related disclosures.

In February 2018, the FASB issued ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities*. The ASU clarified certain aspects of the guidance within ASU 2016-01. The Foundation adopted the clarified guidance in fiscal year 2020. It did not have a material impact to the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The standard addresses the classification of certain transactions within the statement of cash flows, including cash payments for debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination, and distributions received from equity method investments. The ASU is effective for fiscal years beginning after December 15, 2018, or fiscal year 2020 for the Foundation. The Foundation has elected to classify distributions of equity investments based on the nature of the distribution. The ASU did not have a material impact to the consolidated financial statements.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (ASC 230): Restricted Cash*. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This standard is effective for annual periods beginning after December 15, 2018, or fiscal year 2020 for the Foundation. It has been the Foundation's policy to consider short-term highly liquid investments held within the endowment and similar investment pools as investments rather than cash equivalents and has defined restricted cash as that which is legally restricted as to withdrawal and usage. The Foundation did not hold any cash within its investment portfolio. The ASU did not have a material impact to the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize a right-of-use asset and a lease liability for all leases, initially measured at the present value of the lease payments, in its statement of financial position. The standard requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The Foundation adopted Topic 842 as of July 1, 2020. The guidance issued by the FASB in ASU 2019-01, *Leases (ASC 842) Codification Improvements*, which clarified ASU 2016-02, was also reviewed and incorporated in the adoption of the new standard.

The Foundation applied Topic 842 to all leases as of July 1, 2020 with comparative periods continuing to be reported under the previous lease accounting standard, Topic 840. Management has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial direct costs for existing leases. The Foundation also elected the policy exemption which allows lessees to choose to not separate lease and non-lease components by class of underlying asset and applied this expedient to all relevant asset classes. Upon adoption, the Foundation recognized lease liabilities and right-of-use assets of \$48,722,000 and \$45,486,000, respectively. Refer to Note 8 for additional information pertaining to right-of-use assets, lease liabilities, and lease expense.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amended guidance removes certain disclosure requirements from ASC 820 relating to transfers between Levels 1 and 2, and valuation processes and unrealized gains and losses disclosures relating to Level 3 fair value measurements. The ASU also modified requirements pertaining to the disclosure of changes in Level 3 investments and clarified other aspects of the guidance around measurement uncertainty and liquidation of assets. The new standard is effective for annual periods beginning after December 15, 2019, or fiscal year 2021 for the Foundation. The Foundation adopted this standard for the year ended June 30, 2021.

In March 2019, the FASB issued ASU 2019-02, *Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment— Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreement for Program Materials*. The amendments in this Update align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. The amendments also require that an entity reassess estimates of the use of a film in a film group and account for any changes prospectively. The amendments in this

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

Update require that an entity test a film or license agreement for program material within the scope of Subtopic 920-350 for impairment at a film group level when the film or license agreement is predominantly monetized with other films and/or license agreements. A film group is the lowest level at which identifiable cash flows are largely independent of the cash flows of other films and/or license agreements. The amendments also: 1. Add examples of events or changes in circumstances that indicate that an entity should assess a film group for impairment 2. Add examples of events or changes in circumstances that indicate that an entity should assess an individual film for impairment after its release 3. Require an entity to reassess the predominant monetization strategy when a significant change in the monetization strategy occurs 4. Align the impairment model in Subtopic 920-350 with the fair value model in Subtopic 926-20 5. Require an entity to write off unamortized film costs when a film is substantively abandoned. The amendments address presentation and require that an entity provide new disclosures about content that is either produced or licensed, and address cash flow classification for license agreements. The new standard is effective for annual periods beginning after December 15, 2019, or fiscal year 2021 for the Foundation. The standard did not have a material impact to the Foundation.

#### **Revenue Recognition**

The Foundation recognizes revenue from a variety of sources, including but not limited to the following:

- Revenue derived from the licensing of films produced by the Foundation is recognized as revenue without donor restrictions when the film is provided to the broadcaster. Consideration is variable; contracts contain provisions for return of unspent funds. Licensing revenue which is unrelated to the production of films is recognized when the asset being licensed is made available to the customer for use.
- Underwriting revenue consists of national and local corporate sponsorship. National corporate underwriting for films is recognized as revenue without donor restrictions when the related film is provided to the broadcaster. For the years ended June 30, 2021 and 2020, national corporate underwriting for films totaled \$15,695,000 and \$18,003,000, respectively.
- National corporate underwriting raised by PRX to support their operations and local corporate sponsorship supporting GBH and NEPM operations is recognized as revenue without donor restrictions when the related sponsorship credit is run on Foundation broadcasts. For the years ended June 30, 2021 and 2020, national corporate underwriting for PRX totaled \$22,605,000 and \$14,886,000 and local corporate underwriting for GBH and NEPM totaled \$7,384,000 and \$8,563,000, respectively.
- Viewer and listener support consists of contributions from the general public to support the general operations of the Foundation and are recognized upon receipt.
- Revenue from unconditional contributions include foundation grants and gifts from major donors. They are recognized as revenue with donor restrictions upon notice of the donor's unconditional promise to give and are reflected in the grants and contributions line of the consolidated statement of activities. Revenue is released from restriction when the time or purpose restriction has been met.
- Federal and CPB grants are conditional contributions and recognized as revenue with donor restrictions when the related conditions are met. These nonexchange agreements are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

until the conditions and barriers on which they depend are met. They are reflected in the grants and contributions line of the consolidated statement of activities. Revenue is released from restriction when the time or purpose restriction has been met.

The Foundation has \$13,643,000 and \$20,570,000 of unfulfilled conditional grants, as of June 30, 2021 and 2020, respectively. Federal grants comprised \$6,964,000 and \$5,679,000 as of June 30, 2021 and June 30, 2020, respectively. CPB grants comprised \$4,408,000 and \$9,096,000 as of June 30, 2021 and 2020, respectively. The remaining \$2,271,000 and \$5,795,000 consisted of foundation grants contingent upon matching requirements or other donor-imposed conditions, as of June 30, 2021 and 2020, respectively.

- Community service grants from CPB are recognized as revenue without donor restrictions upon receipt of the award letter from CPB.
- Revenue from royalties is recognized in the period in which the underlying sales to third parties take place. Consideration in royalty transactions is variable. For certain royalty arrangements, the time period between when sales to third parties take place and when cash is ultimately distributed to the Foundation is several years, and reliable interim estimates of future revenue cannot be obtained. In these scenarios, revenue is recognized when the consideration to which the Foundation expects to be entitled can be reasonably estimated.
- Captioning and ancillary services revenue primarily consists of consulting services provided by the Foundation's National Center for Accessible Media ("NCAM") and closed captioning and descriptive video services provided by the Foundation's Media Access Group ("MAG"). Recognition of captioning and ancillary revenue varies depending on the structure of the contract and its performance obligations, with some sources recognized at a point in time and others recognized over time. Those contracts recognized over time represent services which are simultaneously offered to and consumed by the customer over the duration of the contract and reflect an equitable distribution of service over the period.
- Planned giving consists of contributions from the estates of deceased donors as well as gifts made to the Foundation in the form of charitable gift annuities, pooled life income funds, or charitable remainder trusts. Revenue is recognized as increases in net assets without donor restrictions or with donor restrictions upon notification of the gift, depending on the nature of the restriction identified by the donor.
- In-kind contributions, donated services and educational materials whose value is measurable are recorded at the estimated fair value of the related services or educational material as revenue and expense, or capitalized as assets, when received. The fair value is determined based on the donor's usual and customary fees charged to paying customers for equivalent goods and services. Donated services and materials are received by the Foundation from various professional and educational organizations and relate principally to educational material promotion, advertising, and production in the support of national programming. The economic benefit and associated costs of these donated services and materials are recorded in the accompanying consolidated financial statements as revenue and expense at the estimated fair value of the services received to the extent that the services require specialized skills, would be purchased by the Foundation if not donated, and that the services create or enhance nonfinancial assets.



# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

- Affiliation fees are charged based on the affiliation status, market size, and total station revenue of radio station affiliates. The Foundation recognizes revenue from these affiliation fees pro rata over the twelve-month period. Amounts received for future periods are recognized as deferred revenue.
- Distribution fees are charged for providing satellite distribution services to producers and are recognized as revenue and expense in the period the related services are performed.
- Other services revenue consists of production, creative design, and radio services provided to other organizations. It also includes fundraising services provided to other public broadcasting stations and work-for-hire services. Revenue is recognized in net assets without donor restrictions over the period in which the service is provided.
- Miscellaneous income consists of channel sharing revenue, revenue derived from the rental of office space, the filing of film tax credits, and commissions earned from securing sponsorships for third party producers. Revenue is recognized upon the Foundation's delivery of the specified performance obligation. Rental income is recognized in the period in which the space is occupied, film tax credit revenue is recognized when the tax credit application is submitted, and third-party sponsorship commissions are recognized when earned. Channel sharing revenue is recognized ratably over the term of the hosting period.

The consolidated statement of activities reflects the disaggregation of revenues earned during the fiscal year by the Foundation. Revenues earned from licensing, underwriting, royalties, captioning and ancillary services, other services, affiliation, and distribution fees are all recognized in accordance with ASC 606 *Revenue from Contracts with Customers*. With the exception of rental income, which is recognized in accordance with ASC 842 *Leases*, all miscellaneous income is also recognized in accordance with ASC 606. Customer payment is generally due within 30 days of invoice date.

Revenues earned from contributions, community service grants, federal and CPB grants, and major donors are recognized in accordance with ASC 958 *Not-for-Profit Entities*.

#### *Contract Costs (Film Assets)*

In accordance with ASC 606, incremental costs to obtain a contract are capitalized and amortized if the costs are expected to be recoverable. Film assets are the capitalized costs of developing television programs to license to a third party. Film assets are capitalized when production costs are incurred. They are amortized on an episodic basis as the content is delivered to the broadcaster and are recognized in the consolidated statement of activities in programming and production costs. The Foundation capitalizes all television production costs incurred, except for overhead, which is expensed as incurred. No impairment charges were recognized for television content costs in the year ended June 30, 2021 or 2020. As of June 30, 2021 and 2020, the Foundation capitalized film production costs totaling \$31,505,000 and \$28,988,000, respectively.

#### *Arrangements with Multiple Performance Obligations*

The Foundation's contracts with customers may include multiple performance obligations. For licensing of films and national corporate underwriting, the Foundation allocates revenue to performance obligations based on costs incurred to produce the specific deliverable. In contracts where consideration is variable as a result of cost savings, an estimate of the change in consideration is applied to the revenue recognition for the final deliverable on the contract. For local corporate underwriting, licensing unrelated to television content, captioning and ancillary

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

services, other services, and miscellaneous revenue, the Foundation allocates revenue to each performance obligation based on its relative standalone selling price.

#### *Contract Assets and Liabilities*

The Foundation records a receivable when there is an unconditional right to consideration based on a contract with a customer. A contract liability (“deferred revenue”) is recorded when cash is received or due in advance of the Foundation’s performance and is recognized into revenue as the Foundation fulfills the respective performance obligation(s).

#### **Channel Sharing**

On October 18, 2017, the Foundation entered into a channel sharing agreement with a third party, in which the Foundation is providing hosting services. The proceeds are being recognized as revenue in equal installments over a period of 25 years, starting at the commencement of the agreement. For the years ended June 30, 2021 and 2020, \$3,012,000 was recognized as miscellaneous income in the consolidated statement of activities, and \$63,252,000 and \$66,264,000 was recorded in deferred revenue and other liabilities in the consolidated statement of financial position at June 30, 2021 and 2020, respectively.

#### **Public Media Management**

In March 2015, the Foundation entered into a joint venture with Sony Electronics Inc. through its Professional Solutions of America Division (“Sony”). The Foundation’s agreement provides for the creation of Content Distribution Services (“CDS”) which utilizes Network Operations Centers (“NOC”) to provide an automated workflow to enable program content to flow from Sony’s Ci Cloud to others, without operator intervention. The agreement provided that Sony will share in expenses and revenue at 60%, and the Foundation at 40%. Associated revenues and expenses have been recorded in the consolidated statement of activities in accordance with *ASC 808 Collaborative Arrangements*. For the years ended June 30, 2021 and 2020, the Foundation recorded net collaboration revenue of \$0 and \$516,000, respectively, in miscellaneous income.

In March 2020, GBH and PMG JMC LLC (“PMG”) entered into an asset purchase agreement where GBH agreed to sell, assign, transfer, convey and deliver to PMG all of GBH’s right, title and interest in the Public Media Management assets and collaboration with Sony for a base purchase price of \$750,000. Principal is due and payable pursuant to a promissory note, in annual installments of \$75,000, commencing on March 31, 2020 and continuing on March 31 of each year thereafter through March 31, 2029. For the year ended June 30, 2020, the Foundation recorded a receivable for assets sale of \$517,000, net of a \$158,000 discount. For the year ended June 30, 2020, the Foundation recorded a gain on asset sale of \$377,000 as other gains in the consolidated statement of activities, related to the sale of the NOC and other nonfinancial assets.

The gross outstanding balance of the receivable as of June 30, 2021 was \$600,000. During the year ended June 30, 2021, accretion of interest revenue on long-term receivables was recorded in the statement of activities totalling \$29,000.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

#### **Cash**

The Foundation maintains its cash balance with two institutions and was approximately \$76,193,000 and \$48,303,000 at June 30, 2021 and 2020, respectively.

Cash includes amounts on deposit with financial institutions; short-term investments with maturities of three months or less at the time of purchase and other highly liquid investments such as commercial paper and fixed income securities, with a majority invested in government and treasury money market funds. Short-term highly liquid investments held within the endowment and similar investment pools are classified as investments rather than cash equivalents and restricted cash is defined as that which is legally restricted to withdrawal and usage.

#### **Investments**

Short-term investments consist of investments with original maturities greater than ninety days and less than one year from the date of the statement of financial position. Long-term investments consist of investments with maturities of greater than one year.

Investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on June 30, 2021 and 2020; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices. Private equity and certain other nonmarketable securities, and certain of the Foundation's investments in hard assets, are valued using current estimates of fair value obtained from the general partner or investment manager in the absence of readily determinable public market values. Such valuations may reflect discounts for liquidity and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, and other pertinent information. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of investments. Since there are inherent uncertainties in valuing certain of these investments, the investment manager or general partner's estimate may differ from the values that would have been used had a ready market existed and the differences could be significant. The agreements underlying participation in nonmarketable investment funds may limit the Foundation's ability to liquidate its interest in such investments for a period of time. The Foundation believes that the carrying amount of its nonmarketable securities is a reasonable estimate of fair value as of June 30, 2021 and 2020. The carrying values of the investments in the limited partnerships are based on reports from each limited partnership. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) and unrealized changes in equity interests in limited partnerships are recorded as nonoperating gains (losses) unless the income is restricted by donor or law. If restricted by donor or law, they are reported as follows:

- As increases in net assets with donor restrictions if the terms of the underlying gift require that they be added to the principal of a permanent endowment fund; and
- As increases in net assets with donor restrictions if the terms of the underlying gift or relevant state law impose restrictions on the current use of the income or net gains. The Foundation has relied on the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted by the Commonwealth of Massachusetts in July 2009, regarding relevant state law that unappropriated endowment gains should generally be classified as net assets with donor restrictions until appropriated by the Board of Trustees.

Annually, the Foundation reviews investments where the fair value is substantially below cost, and in cases where the decline is considered to be “other than temporary,” an adjustment is recorded as a realized loss, and a new cost basis is established. At June 30, 2021 and 2020, there were no investments that had fair values less than cost that were determined to be other than temporary.

#### **Pledges Receivable**

Unconditional promises to give are recorded as pledges receivable in the consolidated financial statements when the donor’s commitment is received. Unconditional promises to give that are expected to be fulfilled within one year are recorded at fair value. Multi-year unconditional promises are recognized at the present value of the future expected cash flows, less an appropriate reserve for uncollectible pledges. Discounts are calculated using the Foundation’s taxable unsecured borrowing rate, which considers market and credit risk. Subsequent years’ accretion of the discount is included in contribution revenue and used in accordance with any donor-imposed restrictions on the contributions. The allowance for doubtful accounts is based upon management’s judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Conditional promises to give are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized as pledges receivable until the conditions and barriers on which they depend are met.

#### **Radio and Television Licenses**

The Foundation owns various radio licenses for five separate radio frequencies which cover Cape Cod, the islands of Martha’s Vineyard and Nantucket, Greater Boston and Southern New Hampshire. These radio licenses are indefinite-lived assets and are subject to at least annual impairment testing.

In December 2017, the Foundation received a contribution of the Federal Communications Commission (“FCC”) license for television station WFXZ-CD, Boston, Massachusetts, with a fair value of \$1,860,000.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

In July 2019, the Foundation acquired four separate radio frequencies from New England Public Radio (“NEPR”). The radio licenses acquired include frequencies with call signs WNNZ-AM, WNNZ-FM, WNNU-FM, and WNNI-FM. The radio licenses have been recognized in the financial statements as indefinite-lived intangible assets with an aggregate fair value of \$2,780,000.

The combined value for these radio and television licenses was \$20,447,000 at June 30, 2021 and 2020, respectively.

#### **Intangible Assets**

Intangible assets were recorded in conjunction with the acquisition of PRX in 2019. They consist of PRX trademarks and tradenames and content producer relationships, with carrying values of \$380,000 and \$0, respectively, as of June 30, 2021 and \$380,000 and \$511,000, respectively, as of June 30, 2020. The trademarks and tradenames are indefinite-lived and the content producer relationships are definite-lived. The content producer relationships were amortized over a period of 2 years.

#### **Other Assets**

Other assets consist of capitalized broker fees, deferred compensation, deferred rental assets, outside managed trusts and a beneficial interest in perpetual trust.

#### **Equity Investments**

In 2008, the Foundation acquired a 20% equity share in National Public Media LLC (“NPM”), a private marketing firm, for \$1,600,000. In 2009, the members of NPM issued additional shares, which diluted the Foundation’s share of ownership of NPM to 18%. This investment is recorded using the equity method of accounting. The equity method has been chosen since the investment is not publicly traded and the Foundation has significant influence over the operations of NPM. The carrying amount of this investment was \$211,000 and \$295,000 at June 30, 2021 and 2020, respectively, with the corresponding gains and losses included in the gain on equity investments within operating revenue in the consolidated statement of activities.

Effective January 1, 2009, the Foundation entered into a joint venture with Public Broadcasting Service (“PBS”) to form PBSd (a Delaware Limited Liability Company). The purpose of PBSd is to further the educational mission of public broadcasting and other media through worldwide distribution of public television content and other high-quality content as provided by and on behalf of its members. The Foundation’s initial capital contribution represented a 40% interest in PBSd. The investment is recorded using the equity method of accounting with net income allocated to the Foundation subject to certain revenue thresholds and consumer price index (“CPI”) escalators. The carrying amount of this investment was \$23,448,000 and \$22,287,000 at June 30, 2021 and 2020, respectively, with the corresponding gains included in the gain on equity investments within operating revenue in the consolidated statement of activities.

As of June 30, 2021 and 2020, the Foundation held a consolidated interest of 13% in the voting shares of RadioPublic. RadioPublic is a public benefit corporation focused on creating consumer applications for the podcasting industry. Both GBH and PRX are equity holders in RadioPublic. GBH acquired a 14% equity share in RadioPublic for \$500,000 on June 28, 2017. PRX acquired a 15% equity share in RadioPublic in December 2016, which was valued at \$489,000. The consolidated investment had been recorded using the equity method, as the Foundation owned a 30% equity share and was able to exercise significant influence over the operations of RadioPublic. In January 2020, the RadioPublic Board motioned to issue additional shares which diluted the Foundation’s share of ownership to 13%. As of June 30, 2021 and 2020, the investment is valued at the lower of cost or fair value, as the Foundation owns less than 20% and does not exercise

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

significant influence over the operations of RadioPublic. The carrying amount of this investment was \$454,000 at June 30, 2021 and 2020.

#### **Property, Facilities and Equipment**

Property, facilities and equipment are reported at cost at the date of acquisition, or estimated fair value at the date of donation, in the case of gifts, less accumulated depreciation. For assets placed in service, depreciation is provided using the straight-line method over the estimated useful life of the asset (or for leasehold improvements over the related lease term, whichever is shorter) which range from 3 to 40 years.

Maintenance and repairs are charged to expense as incurred; betterments are capitalized. Upon retirement or sale of property, facilities and equipment, the cost of the disposed assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to net assets without donor restrictions.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

#### **Split Interest Agreements**

Various benefactors have made contributions to the pooled life income Fund ("PIF") in the Foundation's name. Upon donation, these amounts are recorded as contribution revenue at the estimated present value of the expected future cash flows, and are classified as net assets with donor restrictions. These funds are divided into units and pooled and invested as a group. Donors are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the pooled income fund on the date of the donor's entry to the pooled fund. Until a donor's death, the donor or donor's named beneficiary is paid the income earned on the donor's assigned units. Upon the death of the donors or their named beneficiaries, the value of these assigned units reverts to the Foundation.

The Foundation has received contributions in the form of charitable gift annuities ("CGA"). The donor contributes assets to the Foundation in exchange for a promise by the Foundation to pay annuity payments based on the agreements between the donor and the Foundation. Gift annuity donations are recorded as donor restricted revenue, net of the estimated liability to the donor, at the date of gift.

The Foundation has also received contributions, mostly investment securities, of interests in irrevocable charitable remainder trusts ("CRT") for which the Foundation serves as the trustee. The principal amounts of such gifts are established in trusts maintained by independent fiduciaries. Upon donation, the fair value of these gifts are recorded as assets. Donor restricted contribution revenue and support is recognized after recording a liability for the estimated present value of future annuity payments. The liabilities and revenue are adjusted during the term of the agreement for changes in the value of the assets and changes to estimates of future benefits to the donors or their named beneficiaries. Upon the death of the donors or their named beneficiaries, the remaining value of the fund reverts to the Foundation.

PIF, CGA and CRTs are recorded in long-term investments on the statement of financial position.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

The Foundation also has received contributions of interests in irrevocable charitable remainder trusts for which the Foundation does not serve as the trustee. The Foundation records its beneficial interest in these assets as donor restricted contribution revenue, as appropriate, and other assets at the estimated present value of the future distributions expected to be received over the term of the agreement. Adjustments to the beneficial interest, to reflect changes in the fair value, are recognized as changes in the value of split interest agreements. Upon the death of donors or their named beneficiaries, the assets received by the Foundation from the trust are recognized at fair value, and any difference is reported as a change in the value of split interest agreements donor restricted net assets, as appropriate.

#### **Beneficial Interest in Perpetual Trust**

The Foundation has a beneficial interest in the Ralph Lowell Fund (the "Fund") held by the Boston Foundation ("TBF"). The annual distribution from the Fund is recorded as investment income in the consolidated statement of activities.

The fair value of the Fund was \$1,240,000 and \$965,000 at June 30, 2021 and 2020, respectively. Grant distributions in the amounts of \$42,000 and \$41,000, were made to the Foundation during the years ended June 30, 2021 and 2020, respectively, and were recorded as investment income in the consolidated statement of activities.

#### **Asset Held for Sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

As of June 30, 2020, management had committed to sell an office condo (the "property") consisting of land and building, and negotiations with an interested party were in progress. The property was presented as a held-for-sale asset in the statement of financial position at a fair value of \$1,800,000 as of June 30, 2020.

During the fiscal year ended June 30, 2021, management made a decision to withdraw the property from the active market. Assets no longer held for sale are adjusted to the lower of 1) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held for sale or 2) its recoverable amount at the date of the subsequent decision not to sell. As of June 30, 2021, the property was reclassified to property, facilities and equipment with an adjusted value of \$1,386,000.

#### **Financing Arrangement**

In 2013, NEPM obtained financing for the purchase of a condominium unit on Main Street in Springfield, Massachusetts, and the subsequent renovation of that unit (the project) through the establishment of two Limited Liability Companies: New England Public Radio Investment Fund LLC ("Investment LLC") and Massachusetts Housing Investment Corporation ("MHIC") NE CDE II Subsidiary 22 LLC, to obtain the necessary funding for the project and obtain New Markets Tax Credits under the Section 45D of the Internal Revenue Code. NEPM is not a member of either of these companies.

# **WGBH Educational Foundation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2021 and 2020**

---

Investment LLC obtained a loan from NEPR, and an initial capital contribution from MHIC New Markets Western Massachusetts Fund, LLC. Investment LLC then made a capital contribution to MHIC NE CDE II Subsidiary 22 LLC, which in turn loaned NEPR Foundation Real Estate, Inc. \$6,014,000.

A note receivable of \$4,246,000 from Investment LLC was recorded. The note was collateralized by substantially all the assets of Investment LLC and required receipt of payments of interest at 0.705% per annum through December 2020. Commencing in January 2021, the note was receivable in monthly installments ranging from \$12,000 to \$21,000, including interest at 0.705% per annum, through November 2043. The remaining balance due, if any, was receivable in December 2043. As of June 30, 2020, \$4,246,000 was recorded in other assets in the consolidated statement of financial position.

On August 19, 2020, the Directors of NEPR Foundation Real Estate, Inc. ("NEPR FRE"), a supporting organization of NEPM, authorized the unwinding of the New Market Tax Credit Transaction (the "NMTC Transaction") dated August 8, 2013, in which NEPM and NEPR FRE obtained funds to develop a new facility for the operation of NEPM's radio station. As NEPR FRE was created solely for this transaction, the unwinding allowed for the merger of NEPR FRE with NEPM and the forgiveness of the associated financing arrangements. A gain on the forgiveness of the loan payable and loan receivable resulted in a net gain of \$1,603,000, which was recorded in non-operating gains and losses in the consolidated statement of activities. As of June 30, 2021, the balances of the loan payable and note receivable was \$0.

#### **Royalties Payable**

The Foundation recognizes royalty revenue pursuant to terms outlined in the rights sales agreements. Royalty agreements exist with third-parties from which the third-party receives a percentage of net royalty revenue received by the Foundation. These amounts are accrued for and recorded as a royalty payable when the royalty revenue is recorded by the Foundation.

#### **Income Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. US GAAP requires the Foundation to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Foundation has analyzed the tax positions taken and has concluded that as of June 30, 2021 and 2020, there are no significant uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

#### **Fair Value of Financial Instruments**

The fair value of the Foundation's financial instruments approximates the carrying amount reported in the consolidated statement of financial position for cash, investments, split-interest agreements and payables.

#### **Health Insurance Plan**

GBH, NEPM and PRX are self-insured for all of their employee health insurance plans. These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred as of the date of the statement of financial position and are included in accounts payable and accrued expenses on the statement of financial position.



# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

#### **New Proposed Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments*, which introduces new guidance for the accounting for credit losses on financial assets within its scope. The amendments in this Update require a financial asset (or a group of financial assets) measured at amortized cost to be presented at the amount that is expected to be collected on the financial asset, net of an allowance for credit losses. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. In November 2018, the FASB issued 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. The amendments in this Update include items brought to the FASB's attention by stakeholders. The amendments align the implementation date for nonpublic entities' annual financial statements with the implementation date for their interim financial statements and clarify the scope of the guidance in the amendments in Update 2016-13. This standard is effective for annual periods beginning after December 15, 2020, or fiscal year 2022 for the Foundation. The Foundation is evaluating the impact this will have on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-profit entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update require that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, entities are required to disclose (a) a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, and (b) additional qualitative and quantitative information for each category of contributed nonfinancial assets recognized. The standard is effective for annual periods beginning after June 15, 2021, or fiscal year 2022 for the Foundation. The Foundation is evaluating the impact this will have on the consolidated financial statements.

#### **Prior Year Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. Beginning in 2021, the Foundation presents the gain on equity investments within operating revenue on the statement of activities. In addition, the Foundation recorded a transfer of net assets without donor restriction from non-operating to operating activities, representing the amount of quasi-endowment investment earnings authorized for operations. These reclassifications had no effect on the reported changes in total net assets.

## **2. Business Combinations and Spinoffs**

#### *Acquisition of New England Public Radio*

Effective July 23, 2019, the Foundation entered into an affiliation agreement with NEPR. NEPR operated a radio station in Springfield, Massachusetts. Their business operations were combined with the Foundation's television station, WGBY, also located in Springfield, to bring a combined radio and television presence to the western Massachusetts market. A new entity was created called NEPM. The Foundation is the sole corporate member of NEPM. The company is headquartered in Springfield, Massachusetts and is led by a board of directors consisting of both NEPR and WGBY members. There was no purchase price consideration in exchange for the NEPR business. However, GBH committed to provide a total of \$6,000,000 in operating support over a six-year period to NEPM. As of June 30, 2021 and June 30, 2020, a total of \$4,025,000 and \$1,800,000 of the commitment to NEPM had been fulfilled, respectively.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

The Foundation accounted for the acquisition of NEPR as a business combination in accordance with ASC 805, *Business Combinations*, and recorded the assets acquired and liabilities assumed at their respective fair values as of the acquisition date.

The fair value of the assets contributed and liabilities assumed by the Foundation in the acquisition of NEPR as of July 23, 2019 were as follows:

<b>Assets contributed</b>	
Cash	\$ 235,649
Accounts receivable	183,843
Grants receivable	206,200
Pledges receivable	148,843
Prepays and other current assets	8,544
Property, facilities, and equipment	2,886,261
Radio licenses	2,780,000
Note receivable	4,246,420
Investments	39,963
Loan acquisition costs	146,287
	<u>146,287</u>
Total assets contributed	<u>\$ 10,882,010</u>
<b>Liabilities assumed</b>	
Accounts payable	\$ 83,906
Accrued expenses	183,443
Notes payable and other liabilities	6,974,995
	<u>6,974,995</u>
Total liabilities assumed	<u>\$ 7,242,344</u>

The Foundation recognized contribution revenue of \$3,640,000 as a result of the acquisition.

The financial models used to value the radio licenses utilized the Greenfield method for WNNZ-AM and a market approach for WNNZ-FM, WNNU-FM, and WNNI-FM. The weighted average cost of capital utilized in the valuation of WNNZ-AM was 8%.

The Foundation believes that the intangible asset values represent the fair value at the date of acquisition and do not exceed the amount a third party would pay for the assets. These fair value measurements are based on significant unobservable inputs, including management estimates and assumptions and, accordingly, are classified as Level 3 within the fair value hierarchy prescribed by FASB ASC 820, *Fair Value Measurements and Disclosures*.

A summary of the consolidated financial results of the Foundation for the year ended June 30, 2020, as if the transaction had occurred on July 1, 2019 is as follows (unaudited):

Total operating revenue and other support	261,371,774
Total operating expenses	284,732,220
	<u>284,732,220</u>
Deficit of revenue over expenses	(23,360,446)
Nonoperating gains, net	12,424,581
	<u>12,424,581</u>
Change in net assets before noncontrolling interest	(10,935,865)
Noncontrolling interest	1,000,043
	<u>1,000,043</u>
Decrease in unrestricted net assets	<u>(9,935,822)</u>

# **WGBH Educational Foundation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2021 and 2020**

---

#### **3. Contract Assets and Liabilities**

The Foundation enters into multi-year contractual agreements with customers for licensing of television content and corporate underwriting. Contract assets represent accounts receivable which have been earned by the Foundation but not yet billed to the customer. Unbilled receivables are recorded within accounts receivable in the consolidated statement of financial position. The Foundation recorded \$12,521,000 and \$9,029,000 in unbilled accounts receivable for multi-year contracts with customers as of June 30, 2021 and 2020, respectively.

Contract liabilities represent amounts collected from customers for performance obligations which have not yet been satisfied by the Foundation. The Foundation had \$82,719,000 and \$82,973,000 in deferred revenue for contracts with customers as of June 30, 2021 and 2020, respectively. Deferred revenue of \$15,486,000 and \$20,212,000 was recognized as revenue during fiscal years 2021 and 2020.

As of June 30, 2021 and 2020, the Foundation had unfulfilled performance obligations totaling \$82,211,000 and \$71,614,000 on licensing contracts and \$8,767,000 and \$17,923,000 on national underwriting contracts. The revenue is expected to be recognized over the next 3 years for licensing and national underwriting.

Contracts with customers associated with local corporate underwriting, affiliation fees or distribution fees have an original duration of less than one year; any unfulfilled performance obligations as of June 30, 2021 are expected to be fulfilled by June 30, 2022.

The Foundation also has contracts with customers for consulting services which are recognized in captioning and ancillary services and miscellaneous revenue within the consolidated statement of activities. Revenue is recognized as services are delivered.

Royalty agreements may extend beyond one year. However, the consideration is variable as it is based on sales. The recognition of future revenue on these contracts cannot be reliably estimated.

The Foundation's accounts receivable represents invoiced and unbilled amounts due from various customers. As of June 30, 2021 and 2020 there were two customers which comprised 51% and 49% of total accounts receivable, respectively.

#### **4. Receivables for Asset Sales**

On March 21, 2002, the Foundation sold certain real estate for \$282,316,000. At that time, the Foundation recorded a noninterest-bearing note receivable of \$282,316,000, which is carried at its present value of approximately \$101,063,000 and \$100,974,000 in the consolidated statement of financial position at June 30, 2021 and 2020, respectively. Accretion of the discount is recorded as revenue without donor restrictions in the consolidated statement of activities over the period of repayment.

Under the contract terms, the Foundation received the first payment in December 2004 and is being paid in semi-annual installments with a maturity date of December 2041.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

On March 26, 2020, the Foundation sold certain nonfinancial assets for \$750,000. At that time, the Foundation recorded a noninterest-bearing note receivable of \$675,000, which is carried at its present value of approximately \$481,000 and \$517,000 in the consolidated statement of financial position at June 30, 2021 and 2020, respectively. Accretion of the discount is recorded as revenue without donor restrictions in the consolidated statement of activities over the period of repayment.

Under the contract terms, the Foundation received the first payment at the closing date and is being paid in annual installments with a maturity date of March 31, 2029.

The Foundation assesses the collectability of long-term receivables by considering factors such as the economic risk associated with the receivables and the financial condition and economic environment of the organization from which the receivables are due. There is no allowance for doubtful accounts associated with these receivables.

**5. Pledges Receivable**

Pledges receivable at June 30, 2021 and 2020 are comprised of the following:

	<b>2021</b>	<b>2020</b>
In less than one year	\$ 5,066,069	\$ 3,719,690
Allowance for unfulfilled pledges	<u>(112,157)</u>	<u>(69,542)</u>
Pledges receivables, net	<u>\$ 4,953,912</u>	<u>\$ 3,650,148</u>
Between one year and five years	\$ 6,012,533	\$ 3,720,000
Less: Present value discount	<u>(412,667)</u>	<u>(319,844)</u>
Long-term pledges receivable, net	<u>\$ 5,599,866</u>	<u>\$ 3,400,156</u>

The Foundation had \$24,209,000 and \$22,964,000 in conditional pledges at June 30, 2021 and 2020, respectively. These conditional pledges were not recorded and will be recorded when the conditions are satisfied.

Ten donors comprised 78% of the June 30, 2021 balance of pledges receivable. Nine donors comprised 62% of the June 30, 2020 balance of pledges receivable. The average discount rates were 2.65% and 3.90% at June 30, 2021 and 2020, respectively.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

**6. Investments**

Investments held by the Foundation are comprised of the following at June 30, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
<b>Investments</b>				
Money market funds	\$ -	\$ -	\$ 361	\$ 361
Government securities	-	-	16,706,982	16,731,363
Domestic equities	1,672,524	1,754,012	298,789	299,098
Investments in funds externally managed				
Domestic equities	11,624,363	39,728,800	4,637,172	12,404,368
Domestic bonds	35,837,748	35,665,821	-	-
Foreign equities	80,484,520	123,814,597	101,402,529	106,969,027
Real assets	135,408	100,520	146,708	93,626
Venture capital	16,059,814	21,594,472	1,555,047	1,671,826
Hedge funds	142,767,384	254,083,077	190,032,272	243,809,862
Private equity	34,778,953	65,251,607	26,611,772	31,145,151
Total investments	<u>323,360,714</u>	<u>541,992,906</u>	<u>341,391,632</u>	<u>413,124,682</u>
<b>Assets in split interest agreements</b>				
Money market funds	180,518	180,518	130,737	130,744
Domestic equities	533,038	2,242,478	559,534	1,696,867
Foreign equities	94,137	168,425	96,373	125,002
Domestic bonds	107,728	112,612	83,586	92,414
Investments in funds externally managed	10,207,263	14,259,908	11,162,860	12,501,636
Total assets in split interest agreements	<u>11,122,684</u>	<u>16,963,941</u>	<u>12,033,090</u>	<u>14,546,663</u>
Total investments and assets in split interest agreements	<u>\$ 334,483,398</u>	<u>\$ 558,956,847</u>	<u>\$ 353,424,722</u>	<u>\$ 427,671,345</u>

For the years ended June 30, 2021 and 2020, the Foundation recorded net realized gains of \$1,814,000 and \$8,675,000, respectively.

The Foundation recognized changes in net unrealized gains of \$152,711,000 and \$18,325,000 for the years ended June 30, 2021 and 2020, respectively, on investments, split interest agreements and beneficial interests in perpetual trusts.

The Foundation's endowment and similar funds are invested to maintain the real value of the principal to be capable of supporting annual spending needs. Investment decisions are guided by the asset allocation policies established by the investment committee of the Board of Trustees and implemented primarily through external investment managers. Investments are managed to balance the short-term need for an annualized return in excess of 4.5% in order to support current operations as well as the long-term need to maintain the endowment's purchasing power. To satisfy the long-term objectives of a diversified, volatility-managed portfolio, the Foundation targets an asset allocation of fixed income, global and domestic equities, hedge funds, private equities and real assets. The portfolio is expected to produce returns that meet or exceed long-term benchmarks.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

Hedge fund – This class includes investments in hedge funds that invest both long and short 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 stocks, and from a net long position to a net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Real assets – This class includes several real estate funds that invest in U.S. commercial real estate and other hard asset investments. The fair values of the investments in this class have been estimated using the net asset value of the Foundation’s ownership interest in partners’ capital.

Private equity and venture capital -The fair values of private investments are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable public market values. These values are audited annually by other auditors, most typically based on calendar year end information. The fair values of the investments in this class have been estimated using the net asset value of the Foundation’s ownership interest in partners’ capital. The estimated values as determined by the general partners and investment managers may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be materially higher or lower.

Government securities – The Foundation holds investments in U.S. Treasury bills. These investments are carried at fair value, which approximates the present value of the securities, discounted by a rate equal to the yield to maturity, commensurate with the duration of the securities.

The balances of the split interest agreements for which the Foundation is the trustee are recorded as investments and the liabilities for future payments are recorded as accrued expenses or long-term deferred revenue and other liabilities. Split interest agreements held by third parties are valued at the present value of the future payments due from trustees. These liabilities were calculated using discount factors based on the Foundation’s taxable unsecured borrowing rate. As of June 30, 2021 and 2020, the discount rates on split interest liabilities ranged from 2.69% to 5.65%.

A summary of the investments and liabilities for future payments are as follows:

	2021	2020
<b>Pooled Life Income Funds</b>		
Fair value	\$ 700,139	\$ 653,104
Liability for future payments	136,859	149,546
<b>Gift Annuity Funds</b>		
Fair value	\$ 3,909,404	\$ 4,035,421
Liability for future payments	2,191,205	2,997,308
<b>Charitable Remainder Trust, where Foundation is Trustee</b>		
Fair value	\$ 6,176,734	\$ 4,769,496
Liability for future payments	2,139,396	2,199,497
<b>Beneficial Interest in Perpetual Trust</b>		
Fair value	\$ 6,177,664	\$ 5,088,642
Liability for future payments	-	-

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

#### 7. Fair Value of Investment Assets and Liabilities

The Foundation values its investments at fair value in accordance with the *Fair Value Measurements* standard. Under this standard, fair value is defined as the price that would be received to sell an asset or be paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. The standard principally affects investments (with and without donor restrictions); however, other applicable fair value measurements include discounting multi-year pledges on the initial date of recognition, and applicable liabilities of pooled income fund and charitable gift annuities.

Additionally, the standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Foundation. The Foundation considers observable data to be that market data which is readily available; regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation’s perceived risk of that instrument.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for instruments categorized in Level 3.

A description of the Foundation’s valuation methodologies for assets and liabilities measured at fair value is as follows:

- Fair value for Level 1 is based upon quoted prices in active markets that the Foundation has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such assets and liabilities.
- Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

- Fair value for Level 3 is typically based on unobservable inputs that are supported by little or no market activity and rely on assumptions and estimates about pricing derived from available information.

The net asset value (“NAV”) of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate.

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

The following table presents the financial instruments carried at fair value and is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position as of June 30, 2021:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs and/or Restrictions	NAV	Total
<b>Investments</b>					
Domestic equities	\$ 1,754,012	\$ -	\$ -	\$ -	\$ 1,754,012
Investments in funds externally managed					
Domestic equities	180,123	-	-	39,548,677	39,728,800
Domestic bonds	35,665,821	-	-	-	35,665,821
Foreign equities	-	-	-	123,814,597	123,814,597
Real assets	-	-	-	100,520	100,520
Venture capital	-	-	-	21,594,472	21,594,472
Hedge funds	-	-	-	254,083,077	254,083,077
Private equity	-	-	-	65,251,607	65,251,607
Total investments	<u>37,599,956</u>	<u>-</u>	<u>-</u>	<u>504,392,950</u>	<u>541,992,906</u>
<b>Assets in split interest agreements</b>					
Money market funds	180,518	-	-	-	180,518
Domestic equities	-	-	2,242,478	-	2,242,478
Foreign equities	-	-	168,425	-	168,425
Domestic bonds	-	-	112,612	-	112,612
Investments in funds externally managed	-	-	14,259,908	-	14,259,908
Total assets in split interest agreements	<u>180,518</u>	<u>-</u>	<u>16,783,423</u>	<u>-</u>	<u>16,963,941</u>
Total investments and assets in split interest agreements	<u>\$ 37,780,474</u>	<u>\$ -</u>	<u>\$ 16,783,423</u>	<u>\$ 504,392,950</u>	<u>\$ 558,956,847</u>
<b>Beneficial interest in perpetual trust</b>					
Interest in investments held by trustee	\$ -	\$ -	\$ 2,296,500	\$ -	\$ 2,296,500
Total beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,296,500</u>	<u>\$ -</u>	<u>\$ 2,296,500</u>



**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

The following table presents the financial instruments carried at fair value and is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position as of June 30, 2020:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs and/or Restrictions	NAV	Total
<b>Investments</b>					
Money market funds	\$ 361	\$ -	\$ -	\$ -	\$ 361
Government securities	16,731,363	-	-	-	16,731,363
Domestic equities	285,226	-	13,872	-	299,098
Investments in funds externally managed					
Domestic equities	146,889	-	-	12,257,479	12,404,368
Foreign equities	-	1,045,551	-	105,923,476	106,969,027
Real assets	-	-	-	93,626	93,626
Venture capital	-	-	-	1,671,826	1,671,826
Hedge funds	-	-	-	243,809,862	243,809,862
Private equity	-	-	-	31,145,151	31,145,151
Total investments	<u>17,163,839</u>	<u>1,045,551</u>	<u>13,872</u>	<u>394,901,420</u>	<u>413,124,682</u>
<b>Assets in split interest agreements</b>					
Money market funds	42,012	-	88,732	-	130,744
Domestic equities	-	-	1,696,867	-	1,696,867
Foreign equities	-	-	125,002	-	125,002
Domestic bonds	-	-	92,414	-	92,414
Investments in funds externally managed	-	-	12,501,636	-	12,501,636
Total assets in split interest agreements	<u>42,012</u>	<u>-</u>	<u>14,504,651</u>	<u>-</u>	<u>14,546,663</u>
Total investments and assets in split interest agreements	<u>\$ 17,205,851</u>	<u>\$ 1,045,551</u>	<u>\$ 14,518,523</u>	<u>\$394,901,420</u>	<u>\$427,671,345</u>
<b>Beneficial interest in perpetual trust</b>					
Interest in investments held by trustee	\$ -	\$ -	\$ 1,835,316	\$ -	\$ 1,835,316
Total beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,835,316</u>	<u>\$ -</u>	<u>\$ 1,835,316</u>

The beneficial interest in perpetual trust balance is included in other assets in the consolidated statement of financial position.

The following table includes a roll-forward of the amounts classified within Level 3 for the year ended June 30, 2021 and 2020:

<b>Fair value at June 30, 2019</b>	<b>\$ 16,016,717</b>
Realized gains	482,594
Change in unrealized losses	(743,470)
Purchases	206,971
Sales	(1,508,297)
Other	64,008
<b>Fair value at June 30, 2020</b>	<b>14,518,523</b>
Realized gains	521,051
Change in unrealized gains	3,275,079
Purchases	130,000
Sales	(1,512,670)
Other	(148,560)
<b>Fair value at June 30, 2021</b>	<b>\$ 16,783,423</b>

The Foundation uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

and inputs, including those obtained from external pricing sources, may be reduced for many instruments.

The Foundation recognized changes in net unrealized gains of \$461,000 and \$104,000 for the years ended June 30, 2021 and 2020, respectively, for its beneficial interests in perpetual trusts.

The following table includes a summary of fair values, redemption features and future commitments related to investments (excluding split interest agreements) for which estimated fair value was based upon NAV, capital account or other valuation procedures for the year ended June 30, 2021 and 2020:

	<b>2021</b>			
	<b>NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Periods</b>
Investments in funds externally managed				
Domestic equities	\$ 39,548,677	\$ -	Daily, Quarterly	1-60 days
Foreign equities	123,814,597	-	Daily, monthly, quarterly	1-60 days
Real assets	100,520	2,500	Daily, Monthly, quarterly, annually, at maturity	1-60 days, at maturity
Venture capital	21,594,472	19,289,595	At maturity	n/a
Hedge funds	254,083,077	-	Monthly, quarterly, annually	30-180 days
Private equity	65,251,607	25,668,212	At maturity	n/a
	<u>\$ 504,392,950</u>	<u>\$ 44,960,307</u>		
	<b>2020</b>			
	<b>NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Periods</b>
Investments in funds externally managed				
Domestic equities	\$ 12,257,479	\$ -	Daily, Quarterly	1-60 days
Foreign equities	105,923,476	-	Daily, monthly	1-30 days
Real assets	93,626	2,500	Daily, Monthly, quarterly, annually, at maturity	1-60 days, at maturity
Venture capital	1,671,826	12,454,094	At maturity	n/a
Hedge funds	243,809,862	4,021,906	Monthly, quarterly, annually	30-180 days
Private equity	31,145,151	28,784,101	At maturity	n/a
	<u>\$ 394,901,420</u>	<u>\$ 45,262,601</u>		

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

**8. Right-of-Use Assets and Lease Liabilities**

The Foundation determines if an arrangement is or contains a lease at inception of the contract. Right-of-use assets represent a right to use the underlying assets for the lease term and lease liabilities represent an obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate noted within the contract. If not readily available, a risk-free Treasury rate is utilized commensurate with the term of the lease. A right-of-use asset and lease liability is not recognized for leases with an initial term of 12 months or less. Lease expense for these leases is recognized on a straight-line basis over the lease term.

The Foundation's operating lease agreements are for television and radio transmitters on telecommunication towers, real estate for corporate and other administrative offices, or equipment. Agreements typically have initial terms of 5 to 10 years. The leases may include one or more options to renew, with renewals that can extend the lease term from 10 to 50 years. The exercise of lease renewal options is at the Foundation's sole discretion. When determining the lease term, the Foundation has included options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

Supplemental balance sheet information related to leases as of June 30, 2021 are as follows:

<i>(in thousands of dollars)</i>	<b>12 months ended June 30, 2021</b>
<b>Operating Leases</b>	
Right of use assets - operating leases	48,060,406
Accumulated amortization	<u>(2,015,100)</u>
Right of use assets - operating leases, net	<u><u>46,045,306</u></u>
Current portion of right of use obligations	1,420,627
Long-term right of use obligations, excluding current portion	<u>48,583,445</u>
Total operating lease liabilities	<u><u>50,004,072</u></u>
Weighted Average remaining lease term, years	
Operating leases	26.49
Weighted Average discount rate	
Operating leases	1.33%

Included in the \$46,045,000 of right-of-use assets obtained in exchange for operating lease obligations is \$2,574,000 of new and modified operating leases entered into during the year ended June 30, 2021.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

Future maturities of lease liabilities as of June 30, 2021 are as follows:

<i>(in thousands of dollars)</i>	<u>Operating Leases</u>
Year ending June 30:	
2022	2,073,377
2023	2,120,084
2024	2,029,821
2025	2,006,736
2026	2,041,157
Thereafter	51,448,049
Total lease payments	<u>61,719,224</u>
Less: Imputed interest	<u>(11,715,152)</u>
Total lease payments	<u>50,004,072</u>

Future minimum rental payments under lease commitments with a term of more than one year as of June 30, 2020, prior to the adoption of ASC 842 are as follows:

<i>(in thousands of dollars)</i>	<u>Operating Leases</u>
Year Ending June 30:	
2021	1,822,470
2022	1,966,665
2023	1,765,826
2024	1,666,318
2025	1,614,553
Thereafter	45,952,055
Total lease payments	<u>54,787,887</u>

The components of lease expense for the year ended June 30, 2021 are as follows:

<i>(in thousands of dollars)</i>	<b>12 months ended June 30, 2021</b>
Operating lease cost	2,667,263
Variable and short term lease cost (a)	<u>600,624</u>
Total lease and rental expense	<u>3,267,887</u>

(a) Includes certain equipment, month-to-month and leases with a maturity of less than 12 months.

Rental expense totaled approximately \$3,032,000 for the year ended June 30, 2020.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

Supplemental cash flow information related to leases for the year ended June 30, 2021 are as follows:

<i>(in thousands of dollars)</i>	<b>12 months ended June 30, 2021</b>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	1,978,166

**9. Property, Facilities and Equipment**

Property, facilities and equipment consist of the following at June 30, 2021 and 2020:

	<b>Useful Life</b>	<b>2021</b>	<b>2020</b>
Land and land improvements		\$ 6,800,380	\$ 6,800,380
Buildings and improvements	3-40 years	178,828,202	176,348,583
Broadcast, video and film equipment	3-20 years	33,381,145	28,200,658
Office equipment, furniture and fixtures	3-25 years	4,721,831	4,612,513
Computers and peripherals	3-10 years	17,092,787	15,507,220
Capitalized interest	25-39 years	19,714,140	19,714,140
Fixed assets not yet placed into service		<u>2,129,573</u>	<u>6,228,494</u>
		262,668,058	257,411,988
Less: Accumulated depreciation		<u>(111,749,062)</u>	<u>(102,071,725)</u>
Property, facilities and equipment, net		<u>\$ 150,918,996</u>	<u>\$ 155,340,263</u>

During the year ended June 30, 2021, the Foundation disposed of \$44,000 of assets no longer in service. A net loss on disposal of \$44,000 was recorded as other gains and losses in the consolidated statement of activities.

During the year ended June 30, 2020, the Foundation disposed of \$12,096,000 of assets no longer in service. As of June 30, 2020, the Foundation recorded a net gain on disposal of assets of \$194,000 as other gains in the consolidated statement of activities.

Depreciation expense related to property, facilities and equipment was \$9,677,000 and \$9,863,000 for the year ended June 30, 2021 and 2020, respectively. Of this total, \$8,736,000 and \$8,824,000 pertained to the property, facilities and equipment of GBH for the years ended June 30, 2021 and 2020, respectively.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

#### 10. Long-Term Debt

Long-term debt consists of the following at June 30, 2021 and 2020:

	Original Issuance	2021	2020
GBH MDFA Series 2002A revenue bonds, 4.0%-5.8%, due 2006-2042	\$ 111,890,000	\$ 46,430,000	\$ 46,430,000
GBH MDFA Series 2008B revenue bonds, zero coupon, due 2024-2042	22,566,620	22,566,620	22,566,620
GBH MDFA Series 2016 revenue bonds, 3.0%-5.0%, due on 2019-2042	43,650,000	41,235,000	42,110,000
GBH MDFA Series 2017A revenue bonds, 3.0%-5.0%, due on 2019-2042	21,700,000	18,935,000	19,935,000
GBH MDFA Series 2017B revenue bonds, 3.0%-5.0%, due on 2019-2042	30,115,000	30,115,000	30,115,000
NEPM MHIC loan, due 2043	6,014,000	-	6,014,000
NEPM Bank of America term loan, due 2030	600,000	536,672	595,555
NEPM Peoples Bank PPP loan, due 2026	683,233	683,233	-
PRX Bank of America line of credit, due 2022	6,000,000	4,929,826	4,869,874
		<u>165,431,351</u>	<u>172,636,049</u>
Unamortized premiums		7,853,537	8,267,343
Unamortized bond issuance costs		<u>(2,277,499)</u>	<u>(2,518,322)</u>
Long-term debt, including unamortized premiums and debt issuance costs		171,007,389	178,385,070
Less: Current maturities		<u>(7,558,621)</u>	<u>(6,913,242)</u>
Long-term debt, net		<u>\$ 163,448,768</u>	<u>\$ 171,471,828</u>

GBH MDFA Series 2008B zero coupon bonds have a weighted average yield to maturity rate of 5.85%. Premiums include GBH MDFA Series 2002A premium of \$1,740,000 and \$1,824,000 as of June 30, 2021 and 2020, respectively, GBH MDFA Series 2016 premium of \$4,528,000 and \$4,749,000 as of June 30, 2021 and 2020, respectively, and GBH MDFA Series 2017A premium of \$1,586,000 and \$1,695,000 as of June 30, 2021 and 2020, respectively. The amortization for the premiums was \$414,000 during the years ended June 30, 2021 and 2020.

Unamortized issuance costs incurred in conjunction with each debt offering are summarized in the following table as of June 30, 2021 and 2020:

	2021		2020	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
GBH MDFA Series 2002A revenue bonds, 4.0%-5.8%, due 2006-2042	\$ 46,430,000	\$ 710,677	\$ 46,430,000	\$ 734,557
GBH MDFA Series 2008B revenue bonds, Zero Coupon, due 2024-2042	22,566,620	634,637	22,566,620	665,595
GBH MDFA Series 2016 revenue bonds, 3.0%-5.0%, due on 2019-2042	41,235,000	489,787	42,110,000	513,679
GBH MDFA Series 2017A revenue bonds, 3.0%-5.0%, due on 2019-2042	18,935,000	185,275	19,935,000	194,313
GBH MDFA Series 2017B revenue bonds, 3.0%-5.0%, due on 2019-2042	30,115,000	257,123	30,115,000	269,663
NEPM MHIC loan, due 2043	-	-	6,014,000	140,515
NEPM Bank of America term loan, due 2030	536,672	-	595,555	-
NEPM Peoples Bank PPP loan, due 2026	683,233	-	-	-
PRX Bank of America line of credit, due 2022	4,929,826	-	4,869,874	-
	<u>\$ 165,431,351</u>	<u>\$ 2,277,499</u>	<u>\$ 172,636,049</u>	<u>\$ 2,518,322</u>

The bond issuance costs are being amortized on a straight-line basis over the term of the applicable bonds issued, which approximates the effective interest rate method.

#### Debt Covenants

The Foundation's debt agreements contain limitations on additional indebtedness, mergers, and other covenants, including required debt service coverage and liquidity ratios. Debt service coverage ratio should be at least 1.20 times actual debt service for the period. Liquidity ratio should not be less than 90% of total net assets without donor restrictions and nonpermanent net assets with donor restrictions.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

The scheduled principal payments are shown in the table below:

<b>Fiscal Year</b>	
2022	\$ 7,558,621
2023	2,411,842
2024	1,710,239
2025	1,827,012
2026	1,846,731
Thereafter	<u>150,076,906</u>
Total principal payments	<u>\$ 165,431,351</u>

On April 30, 2020, NEPM entered into a term loan agreement with Bank of America (the "term loan") for \$600,000 which is guaranteed by GBH. The proceeds of the term loan were used to refinance existing indebtedness of NEPM. Commencing in May 2020, the term loan is payable in equal installments of \$5,600, with interest due at a rate equal to 2.20% per annum through April 30, 2030.

On February 1, 2021, NEPM entered into a new loan agreement with PeoplesBank for \$683,000. The loan is eligible for forgiveness under the Paycheck Protection Program ("PPP") of the Small Business Association ("SBA"). The proceeds were used to cover payroll costs during the year ended June 30, 2021. If forgiveness is not granted, the loan balance will be fully due and payable, with interest of 1%, on February 1, 2026.

On December 19, 2017, GBH issued \$21,700,000 of Massachusetts Development Finance Agency ("MDFA") Series 2017A revenue bonds at a net original issuance premium of \$1,966,901 and \$30,115,000 of MDFA Series 2017B revenue bonds at par. The proceeds were used to refund \$51,830,000 of the Series 2008A bonds. Principal on the Series 2017A and Series 2017B bonds is due annually and interest is due semi-annually. Interest rates for the Series 2017A and Series 2017B bonds range from 3 to 5%. The Series 2017A, Series 2017B Taxable 2037 and Series 2017B Taxable 2042 bonds will mature on January 1, 2036, January 1, 2037 and January 1, 2042, respectively.

On July 27, 2016, GBH issued \$43,650,000 of MDFA Series 2016 revenue bonds at a net original issuance premium of \$5,614,000. The proceeds were used to refund \$45,885,000 of the Series 2008A bonds. Principal and interest on the Series 2016 bonds is due semi-annually, with interest rates ranging from 3 to 5%. The bonds will mature on January 1, 2042.

With the exception of the zero-coupon bonds, bond interest is payable semiannually. Interest on term loans and lines of credit is payable monthly. Total interest expense was \$8,936,000 and \$9,057,000 for the years ended June 30, 2021 and June 30, 2020, respectively, and is allocated on the consolidated statement of activities to the functional categories which have benefited from the proceeds of the external debt. Interest expense pertaining to the debt obligations of GBH for the years ended June 30, 2021 and 2020 was \$8,854,000 and \$8,938,000, respectively.

One insurance company insures the 2002A Bonds and a different insurance company insures the 2008B Bonds. The two insurers have recourse if GBH defaults and an insurer must pay. GBH's obligations to the insurers in connection with the 2002A Bonds, the 2008B Bonds, and the 2016 Bonds are collateralized by an assignment of the payment stream under the noninterest-bearing note receivable issued in connection with the sale of certain real estate, and a mortgage on the headquarters of the Foundation located in Brighton, MA.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

NEPM had a note payable to MHIC NE CDE II Subsidiary 22 LLC for \$6,014,000. The note was collateralized by a first priority mortgage on the property on Main Street in Springfield, Massachusetts. The note required payments of interest only at 0.50% per annum through December 2020. There was no prepayment allowed during this first seven-year period. A one-time principal payment of \$25,000 was due in August 2020. Commencing in December 2020, the note was to be payable in monthly installments ranging from \$13,000 to \$19,000, including interest at 0.50% per annum, through December 2043. However, the note was forgiven in connection with the unwinding of the NMTC Transaction in August 2020. (Note 1)

#### Line of Credit

On May 26, 2017, the Foundation replaced its RBS Citizens Bank Line of Credit agreement and entered into an agreement with Bank of America to access a discretionary line of credit of \$25,000,000. On January 31, 2019, the Foundation amended its agreement with Bank of America to increase the discretionary line of credit to \$50,000,000. Under the 2019 Bank of America agreement, revolving credit advances shall not exceed \$42,500,000 for GBH, \$3,600,000 for PRX, and \$3,900,000 for CDP. On April 30, 2020, the Foundation amended its agreement with Bank of America to keep the discretionary line of credit at \$50,000,000. Under the 2020 Bank of America agreement, revolving credit advances shall not exceed \$38,600,000 for GBH, \$6,000,000 for PRX, \$3,900,000 for CDP, and \$1,500,000 for NEPM. Borrowings under the agreement are made at the Foundation's option, as either a LIBOR Daily Floating Rate Loan or as a LIBOR Loan. If made as a LIBOR Daily Floating Rate Loan, interest on the outstanding principal will accrue at a rate equal to LIBOR Daily Floating Rate plus 0.55%. If made as a LIBOR Loan, the outstanding principal will accrue interest at a rate equal to the LIBOR Rate for such interest period plus 0.55%. The Foundation has debt covenants for debt service coverage ratio greater than or equal to 1.20 to 1.0, and a quarterly minimum unrestricted cash and liquid assets to funded debt of not less than 0.40 to 1.0. The outstanding balance on the PRX line of credit was \$4,930,000 and \$4,870,000 as of June 30, 2021 and 2020, respectively. There were no amounts outstanding for GBH, NEPM and CDP at June 30, 2021 and June 30, 2020, respectively.

#### 11. Retirement Plan

GBH and NEPM have multiple defined contribution plans (the "Plans") for eligible employees through the Teachers Insurance and Annuity Association ("TIAA") and College Retirement Equity Fund in accordance with the provisions of Section 403(b) of the Internal Revenue Code. Contributions are made by the provisions of Section 403(b) of the Internal Revenue Code. GBH and NEPM's expense under the Plans totaled \$2,455,000 and \$2,424,000 for the years ended June 30, 2021 and 2020, respectively. GBH and NEPM had a liability of \$19,500 and \$36,000 for benefits paid under the Plans for the years ended June 30, 2021 and 2020, respectively. The Foundation matched 80% of qualified employee salary deferrals for the largest plan for the years ended June 30, 2021 and 2020, respectively. These amounts are included within accrued expenses on the consolidated statement of financial position.

PRI participates in a defined contribution retirement plan (the Plan). Participation in the Plan is mandatory upon six months of employment and requires a minimum employee contribution of 1% of annual compensation, with an accompanying contribution by PRI equal to 2% of annual compensation. PRI's contributions to the Plan were \$85,000 and \$88,000 for the years ended June 30, 2021 and 2020, respectively.

PRX maintains a defined contribution retirement plan for all eligible employees. This plan is qualified under Internal Revenue Code Section 401(k) and the Employee Retirement Income Securities Act. The plan allows for employer dollar for dollar matching contribution up to 3% of



**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

employee compensation and provides a discretionary employer contribution of 4% of a participant's total compensation for the calendar year. Contributions to the plan were \$154,000 and \$152,000 for the year ended June 30, 2021 and 2020, respectively.

**12. Components of Net Assets**

Net assets of the Foundation consist of the following at June 30, 2021 and 2020:

	<b>2021</b>			
	<b>Without Donor Restrictions: WGBH Educational Foundation</b>	<b>Without Donor Restrictions: Noncontrolling Interest</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Detail of net assets</b>				
Undesignated	\$ 65,923,007	\$ 878,654	\$ -	\$ 66,801,661
Board-designated endowment	406,840,949	-	-	406,840,949
Board-designated debt service	72,280,497	-	-	72,280,497
Board-designated programming	7,602,521	-	-	7,602,521
Grants for future programming	-	-	16,923,363	16,923,363
Capital campaign and other	244,768	-	36,016,968	36,261,736
Investments held in perpetuity	-	-	47,562,468	47,562,468
Appreciation of Investments not yet released into operations	-	-	35,622,783	35,622,783
	<u>\$ 552,891,742</u>	<u>\$ 878,654</u>	<u>\$ 136,125,582</u>	<u>\$ 689,895,978</u>

	<b>2020</b>			
	<b>Without Donor Restrictions: WGBH Educational Foundation</b>	<b>Without Donor Restrictions: Noncontrolling Interest</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Detail of net assets</b>				
Undesignated	\$ 60,303,106	\$ 851,868	\$ -	\$ 61,154,974
Board-designated endowment	281,094,041	-	-	281,094,041
Board-designated debt service	74,048,564	-	-	74,048,564
Board-designated programming	7,433,312	-	-	7,433,312
Grants for future programming	-	-	19,751,093	19,751,093
Capital campaign and other	-	-	28,843,981	28,843,981
Investments held in perpetuity	-	-	48,540,386	48,540,386
Appreciation of Investments not yet released into operations	-	-	18,427,822	18,427,822
	<u>\$ 422,879,023</u>	<u>\$ 851,868</u>	<u>\$ 115,563,282</u>	<u>\$ 539,294,173</u>

The GBH portion of net assets with donor restrictions associated with "Grants for future programming" and "Capital campaign and other" were \$16,211,000 and \$35,623,000, for the year ended June 30, 2021, respectively.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

The Foundation held an 89% and 80% controlling interest in CDP as of June 30, 2021 and 2020, respectively. Changes in the noncontrolling interest of CDP for the years ended June 30, 2021 and 2020 were as follows:

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
<b>Balance, July 1, 2019</b>	\$ 5,939,034	\$ 5,463,911	\$ 475,123
Deficit of revenue over expenses	(2,728,827)	(2,155,773)	(573,054)
Nonoperating losses	(187,748)	(148,321)	(39,427)
Sale of CDP common stock to noncontrolling shareholders	1,000,043	10,817	989,226
<b>Ending balance at June 30, 2020</b>	<u>\$ 4,022,502</u>	<u>\$ 3,170,634</u>	<u>\$ 851,868</u>

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
<b>Balance, July 1, 2020</b>	\$ 4,022,502	\$ 3,170,634	\$ 851,868
Surplus of revenue over expenses	262,627	234,044	28,583
Nonoperating losses	(16,508)	(14,711)	(1,797)
<b>Ending balance at June 30, 2021</b>	<u>\$ 4,268,621</u>	<u>\$ 3,389,967</u>	<u>\$ 878,654</u>

Endowments classified with donor restrictions are to be utilized for programming, fellowships, and operational support.

The Foundation's endowment consists of individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are composed of the investments of contributed principal that have been restricted by the donor in perpetuity and the beneficial interest that the Foundation has in certain third-party perpetual trusts. Net assets associated with endowment funds designated by the Board of Trustees may be expended by a vote of the Board of Trustees and are recorded as net assets without donor restrictions.

The Foundation's endowment is subject to an enacted version of the UPMIFA, and as such, generally accepted accounting principles requires disclosures about the Foundation's endowment funds including both donor-restricted and board-designated endowment funds.

The policy governing the investment of the Foundation's endowment is twofold: to provide a reasonable and prudent level of currently expendable income in accordance with the spending policy set by the Investment Committee from time to time (currently 4.5% of the endowment's moving average fair value over the prior 36 months as of March 31 of the preceding fiscal year in which distribution is planned) and to support the Foundation and its mission over the long term by ensuring that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for the benefit of future programs and services. Under this policy, as approved by the

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

Changes in endowment net assets for the years ended June 30, 2021 and 2020, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment net assets at July 1, 2019</b>	\$ 272,853,525	\$ 64,755,200	\$ 337,608,725
Investment return			
Investment income	(2,836,368)	336,983	(2,499,385)
Net appreciation (realized and unrealized)	23,005,533	3,237,609	26,243,142
Total investment gains	20,169,165	3,574,592	23,743,757
Contributions	3,000,000	136,760	3,136,760
Appropriation of endowment assets for expenditures	(14,928,649)	(2,052,275)	(16,980,924)
Change in value of split interest agreements	-	553,931	553,931
<b>Endowment net assets at June 30, 2020</b>	<b>\$ 281,094,041</b>	<b>\$ 66,968,208</b>	<b>\$ 348,062,249</b>
<b>Endowment net assets at July 1, 2020</b>	<b>\$ 281,094,041</b>	<b>\$ 66,968,208</b>	<b>\$ 348,062,249</b>
Investment return			
Investment income	80,476	11,667	92,143
Net appreciation (realized and unrealized)	128,965,025	18,426,348	147,391,373
Total investment gains	129,045,501	18,438,015	147,483,516
Contributions	11,483,500	2,500	11,486,000
Appropriation of endowment assets for expenditures	(14,782,093)	(2,722,005)	(17,504,098)
Change in value of split interest agreements	-	4,010,573	4,010,573
Reclassification for change in donor intent	-	(3,512,040)	(3,512,040)
<b>Endowment net assets at June 30, 2021</b>	<b>\$ 406,840,949</b>	<b>\$ 83,185,251</b>	<b>\$ 490,026,200</b>

**13. Liquidity and Availability**

The Foundation's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the Foundation's endowment spending policy is calculated as 4.5% of the endowment's moving average fair value over the prior 36 months as of March 31 of the preceding fiscal year in which distribution is planned. For the years ended June 30, 2022 and 2021, the total endowment distribution approved by the Board of Trustees was \$18,380,000 and \$17,504,000, respectively. The endowment distribution pertaining to the investments of GBH was \$17,467,000 and \$16,732,000 for the years ended June 30, 2021 and 2020, respectively.

As described in Note 7, the Foundation also has unfunded commitments on alternative investments totaling \$44,960,000 and \$45,263,000 for the years ended June 30, 2021 and 2020, respectively.

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

As part of the Foundation'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. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation also has a committed line of credit in the amount of \$50,000,000, which it could draw upon.

Additionally, the Foundation has a board-designated endowment of \$406,841,000 and \$281,094,000 as of June 30, 2021 and 2020, respectively. Although the Foundation does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated endowment funds and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 7 for disclosures about investments).

The following resources could be available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt as of June 30, 2021:

	<b>2021</b>	<b>2020</b>
<b>Financial Assets</b>		
Cash	\$ 76,193,406	\$ 48,303,386
Short-term investments	30,866,075	17,016,588
Accounts receivable	36,399,600	36,770,672
Receivables for asset sales	5,303,235	5,355,074
Pledges receivable available for operations	1,297,714	1,394,951
Asset held for sale	-	1,800,000
Long-term investments appropriated for spending	18,379,511	17,466,844
<b>Financial assets available within one year</b>	<u>168,439,541</u>	<u>128,107,515</u>
<b>Liquidity Resources</b>		
Bank lines and letters of credit (undrawn)	<u>45,070,174</u>	<u>45,130,125</u>
<b>Financial assets and liquidity resources available within one year</b>	<u>\$213,509,715</u>	<u>\$173,237,640</u>

**WGBH Educational Foundation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

---

**14. Commitments and Contingencies**

The Foundation is obligated to make rental payments under various noncancelable operating lease agreements. Refer to Note 8 for additional information on lease commitments to be paid in the future.

The Foundation also rents certain office space to third parties. The total of future minimum rentals to be received by the Foundation under the noncancelable leases are as follows:

<b>Fiscal Year</b>	
2022	\$ 2,885,000
2023	2,938,000
2024	2,992,000
2025	2,721,000
2026	1,809,000
Thereafter	<u>6,060,000</u>
	<u>\$ 19,405,000</u>

Certain property lease agreements between the Foundation and its tenants contain rent escalation provisions. For these agreements, rental income is recognized on a straight-line basis over the lease term, resulting in a deferred asset balance of \$1,021,000 and \$1,008,000 for the years ended June 30, 2021 and 2020, respectively.

Rental income for building leases amounted to \$3,606,000 and \$3,985,000 for the years ended June 30, 2021 and 2020, respectively. These amounts have been recorded in miscellaneous income in the consolidated statement of activities.

**Production and Acquisition Commitments**

PRX, in the ordinary course of business, has entered into firm commitments for the co-production and acquisition of broadcast programming and podcasts for distribution. These commitments are funded by program fees, sponsorship underwriting as well as through grants and gifts. Future minimum commitments under the terms of these agreements are \$16,910,000 and will be fulfilled by June 30, 2023.

The Foundation receives funding or reimbursement from government agencies for various business activities, which are subject to audit. In addition, the Foundation is engaged in various legal cases, which have arisen in the normal course of its operations. The Foundation believes that the outcomes of these matters will not have a material adverse effect on the financial position of the Foundation.

# WGBH Educational Foundation and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

---

#### 15. Subsequent Events

The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the dates of the consolidated statements of financial position. The Foundation does not recognize subsequent events that provide evidence about conditions that did not exist at the dates of the consolidated statements of financial position but arose after the consolidated statements of financial position dates but before the consolidated financial statements are issued. For these purposes, the Foundation has evaluated events occurring subsequent to the consolidated statements of financial position date through November 22, 2021, the date the consolidated financial statements were issued.

There were no subsequent events that occurred after the statement of financial position date that have a material impact on the Foundation's consolidated financial statement, except for the following:

In October 2021, the Foundation entered into a \$12,500,000 long-term debt agreement with Banc of America Public Capital Corp and MassDevelopment, a tax-exempt financing authority. The proceeds will be used to finance the purchase of equipment and capital renovation projects. The debt will be repaid over a seven year term at an annualized interest rate of 1.54%.

## **Supplemental Consolidating Information**

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Financial Position**  
**June 30, 2021**

	WGBH	NEPM	PRX	CDP	Eliminations	Consolidated
<b>Assets</b>						
Cash	\$ 74,186,089	\$ 1,095,772	\$ 592,801	\$ 318,744	\$ -	\$ 76,193,406
Short-term investments	30,866,075	-	-	-	-	30,866,075
Accounts receivable	26,436,175	2,589,092	9,993,997	2,637,577	(5,257,241)	36,399,600
Current portion of receivables for asset sales	5,303,235	-	-	-	-	5,303,235
Current portion of grants receivable, net	6,531,885	518,050	534,170	-	(2,645,197)	4,938,908
Current portion of pledges receivable, net	4,487,755	276,157	190,000	-	-	4,953,912
Film assets	31,504,875	-	-	-	-	31,504,875
Prepaid expenses and other assets	2,569,901	9,248	732,460	627,118	(8,757)	3,929,970
Total current assets	181,885,990	4,488,319	12,043,428	3,583,439	(7,911,195)	194,089,981
Long-term pledges receivable, net	5,334,256	109,224	156,386	-	-	5,599,866
Long-term grants receivable, net	646,292	-	-	-	-	646,292
Long-term receivables for asset sales	96,241,187	-	-	-	-	96,241,187
Radio and television licenses	17,666,713	2,780,000	-	-	-	20,446,713
Intangible assets	-	-	380,000	501,250	(501,250)	380,000
Goodwill	-	-	-	1,569,887	(1,569,887)	-
Other assets	5,110,320	-	-	-	-	5,110,320
Equity investments	23,791,420	-	322,500	-	-	24,113,920
Funds held under bond agreements - restricted	2,053,133	-	-	-	-	2,053,133
Long-term investments	520,006,117	1,726,868	6,357,787	-	-	528,090,772
Right-of-use assets	44,196,392	919,872	929,294	445,985	(446,237)	46,045,306
Property, facilities and equipment, net	146,727,490	3,504,056	661,852	25,598	-	150,918,996
Total assets	\$ 1,043,659,310	\$ 13,528,339	\$ 20,851,247	\$ 6,126,159	\$ (10,428,569)	\$ 1,073,736,486
<b>Liabilities</b>						
Current maturities of debt	\$ 1,890,000	\$ 738,795	\$ 4,929,826	\$ -	\$ -	\$ 7,558,621
Accounts payable	10,397,171	208,197	8,434,737	543,449	(2,963,902)	16,619,652
Accrued expenses	22,785,956	1,358,699	1,529,035	625,033	(4,938,536)	21,360,187
Royalties payable	3,782,375	-	-	-	-	3,782,375
Accrued bond interest expense	5,075,933	-	-	-	-	5,075,933
Lease liabilities	1,042,781	61,613	316,233	-	-	1,420,627
Deferred revenue and other liabilities	20,684,820	183,655	1,329,511	242,819	(8,757)	22,432,048
Total current liabilities	65,659,036	2,550,959	16,539,342	1,411,301	(7,911,195)	78,249,443
Long-term deferred revenue and other liabilities	66,555,829	-	151,299	-	(2,071,137)	64,635,991
Long-term lease liabilities	46,863,449	862,537	857,459	446,237	(446,237)	48,583,445
Long-term debt, net	162,967,659	481,109	-	-	-	163,448,768
Accrued bond interest expense	28,922,861	-	-	-	-	28,922,861
Total liabilities	370,968,834	3,894,605	17,548,100	1,857,538	(10,428,569)	383,840,508
<b>Net assets</b>						
Without donor restrictions: WGBH Educational Foundation	544,162,426	8,923,646	(3,584,297)	3,389,967	-	552,891,742
Without donor restrictions: Noncontrolling interest in CDP	-	-	-	878,654	-	878,654
Total net assets without donor restrictions	544,162,426	8,923,646	(3,584,297)	4,268,621	-	553,770,396
With donor restrictions	128,528,050	710,088	6,887,444	-	-	136,125,582
Total net assets	672,690,476	9,633,734	3,303,147	4,268,621	-	689,895,978
Total liabilities and net assets	\$ 1,043,659,310	\$ 13,528,339	\$ 20,851,247	\$ 6,126,159	\$ (10,428,569)	\$ 1,073,736,486

The accompanying note is an integral part of this supplemental consolidating information.



**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2021**

	WGBH	NEPM	PRX	CDP	Eliminations	Consolidated
<b>Operating revenue</b>						
Licensing	\$ 52,814,818	\$ -	\$ 96,153	-	\$ -	\$ 52,910,971
Underwriting	21,579,366	1,500,000	22,675,142	-	(70,343)	45,684,165
Viewer and listener support	31,755,205	3,979,969	2,242,812	-	-	37,977,986
Grants and contributions	4,546,404	285,940	3,833,146	-	-	8,665,490
Community service grants from the Corporation for						
Public Broadcasting	8,055,038	298,005	-	-	-	8,353,043
Royalty	14,553,649	-	-	-	-	14,553,649
Captioning and ancillary services	4,762,931	-	-	-	(54,623)	4,708,308
Other services revenue	3,993,353	12,566	1,083,123	12,755,749	(3,474,952)	14,369,839
Planned giving	2,259,181	15,750	-	-	-	2,274,931
Change in value of split interest agreements	-	-	-	-	-	-
Accretion of interest and other income on long-term receivables	5,408,875	-	-	-	-	5,408,875
Gain on equity investments	16,288,124	-	-	-	-	16,288,124
Investment earnings authorized for operations	17,466,844	37,254	-	-	-	17,504,098
In-kind contributions and donated services	84,303	489,503	419,932	-	-	993,738
Affiliation fees	-	-	4,267,028	-	(83,882)	4,183,146
Distribution fees	-	-	6,835,886	-	(151,679)	6,684,207
Miscellaneous income	11,078,887	128,057	106,855	-	(549,909)	10,763,890
Total operating revenue	194,646,978	6,747,044	41,560,077	12,755,749	(4,385,388)	251,324,460
Net assets released from restrictions	35,827,206	930,473	2,471,228	-	(3,684,393)	35,544,514
Total operating revenue and other support	230,474,184	7,677,517	44,031,305	12,755,749	(8,069,781)	286,868,974
<b>Operating expenses</b>						
Program services						
Programming and production	150,971,530	3,847,148	12,496,983	-	(3,753,865)	163,561,796
Broadcasting	15,342,286	2,258,920	31,665,795	-	(305,904)	48,961,097
Public information, guides and educational material	5,622,396	468,971	-	5,856,425	1,449,515	13,397,307
Total program services	171,936,212	6,575,039	44,162,778	5,856,425	(2,610,254)	225,920,200
Supporting services						
Fundraising and development	17,632,473	1,316,549	1,001,244	-	(4,884,932)	15,065,334
Underwriting	7,602,339	724,076	-	-	-	8,326,415
General and administrative	12,983,373	2,716,123	3,230,116	6,665,280	(574,595)	25,020,297
Total supporting services	38,218,185	4,756,748	4,231,360	6,665,280	(5,459,527)	48,412,046
Total operating expenses	210,154,397	11,331,787	48,394,138	12,521,705	(8,069,781)	274,332,246
(Deficit) surplus of operating revenue over operating expenses	20,319,787	(3,654,270)	(4,362,833)	234,044	-	12,536,728
<b>Nonoperating gains</b>						
Net realized and unrealized gain on investments	131,593,817	459,069	2,151	-	-	132,055,037
Investment (loss) income	(2,397,714)	107,950	386,400	-	-	(1,903,364)
Investments earnings authorized for operations	(14,744,839)	(37,254)	-	-	-	(14,782,093)
Other gains (losses), net	1,180,315	1,189,344	2,332,556	(14,711)	(2,376,352)	2,311,152
Nonoperating gains (losses), net	115,631,579	1,719,109	2,721,107	(14,711)	(2,376,352)	117,680,732
Change in net assets before net asset transfers	135,951,366	(1,935,161)	(1,641,726)	219,333	(2,376,352)	130,217,460
Net asset transfers	(2,994,303)	2,539,562	250,000	-	-	(204,741)
Increase (decrease) in net assets without donor restrictions: WGBH Educational Foundation	132,957,063	604,401	(1,391,726)	219,333	(2,376,352)	130,012,719
Change in net assets without donor restrictions: Noncontrolling Interest in CDP	-	-	-	26,786	-	26,786
Total increase (decrease) in net assets without donor restrictions	132,957,063	604,401	(1,391,726)	246,119	(2,376,352)	130,039,505
Beginning of year	411,205,363	8,319,245	(2,192,571)	4,022,502	2,376,352	423,730,891
End of year	\$ 544,162,426	\$ 8,923,646	\$ (3,584,297)	\$ 4,268,621	\$ -	\$ 553,770,396

The accompanying note is an integral part of this supplemental consolidating information.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2021**

	WGBH	NEPM	PRX	CDP	Eliminations	Consolidated
<b>Net assets without donor restrictions at June 30, 2020</b>	\$ 411,205,363	\$ 8,319,245	\$ (2,192,571)	\$ 4,022,502	\$ 2,376,352	\$ 423,730,891
Surplus (deficit) of operating revenue over operating expenses	20,319,787	(3,654,270)	(4,362,833)	234,044	-	12,536,728
Net realized and unrealized gains on investments	131,593,817	459,069	2,151	-	-	132,055,037
Investment (loss) income	(2,397,714)	107,950	386,400	-	-	(1,903,364)
Investments earnings authorized for operations	(14,744,839)	(37,254)	-	-	-	(14,782,093)
Other gains (losses), net	1,180,315	1,189,344	2,332,556	(14,711)	(2,376,352)	2,311,152
Total increase (decrease) in net assets without donor restrictions before net asset transfers	135,951,366	(1,935,161)	(1,641,726)	219,333	(2,376,352)	130,217,460
Net asset transfers	(2,994,303)	2,539,562	250,000	-	-	(204,741)
Total increase (decrease) in net assets without donor restrictions: WGBH Educational Foundation	132,957,063	604,401	(1,391,726)	219,333	(2,376,352)	130,012,719
Total increase in net assets without donor restrictions: Noncontrolling interest in CDP	-	-	-	26,786	-	26,786
Total increase (decrease) in net assets without donor restrictions	132,957,063	604,401	(1,391,726)	246,119	(2,376,352)	130,039,505
<b>Net assets without donor restrictions at June 30, 2021</b>	<b>\$ 544,162,426</b>	<b>\$ 8,923,646</b>	<b>\$ (3,584,297)</b>	<b>\$ 4,268,621</b>	<b>\$ -</b>	<b>\$ 553,770,396</b>
<b>Net assets with donor restrictions at June 30, 2020</b>	\$ 107,162,085	\$ 770,782	\$ 7,630,415	\$ -	\$ -	\$ 115,563,282
Grants and contributions	35,238,721	644,375	606,000	-	(3,684,393)	32,804,703
Planned giving	3,200,460	137,090	-	-	-	3,337,550
Change in value of split interest agreements	2,921,551	-	1,089,022	-	-	4,010,573
Investment earnings authorized for operations	(2,722,005)	-	-	-	-	(2,722,005)
Net assets released from restrictions used for operations	(35,827,206)	(930,473)	(2,471,228)	-	3,684,393	(35,544,514)
Net realized and unrealized gains (losses) on investments	18,421,637	4,712	33,235	-	-	18,459,584
Investment income	11,267	401	-	-	-	11,668
Total increase (decrease) in net assets with donor restrictions before net asset transfers	21,244,425	(143,895)	(742,971)	-	-	20,357,559
Net asset transfers	121,540	83,201	-	-	-	204,741
Total increase (decrease) in net assets with donor restrictions	21,365,965	(60,694)	(742,971)	-	-	20,562,300
<b>Net assets with donor restrictions at June 30, 2021</b>	<b>\$ 128,528,050</b>	<b>\$ 710,088</b>	<b>\$ 6,887,444</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 136,125,582</b>

The accompanying note is an integral part of this supplemental consolidating information.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Financial Position**  
**Year Ended June 30, 2020**

	<b>WGBH</b>	<b>NEPM</b>	<b>PRX</b>	<b>CDP</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>						
Cash	\$ 45,486,623	\$ 1,419,250	\$ 790,605	\$ 606,908	\$ -	\$ 48,303,386
Short-term investments	17,016,588	-	-	-	-	17,016,588
Accounts receivable	30,762,172	3,748,378	9,236,804	1,380,029	(8,356,711)	36,770,672
Current portion of receivables for asset sales	5,355,074	-	-	-	-	5,355,074
Current portion of grants receivable, net	5,643,638	103,391	471,162	-	(1,073,171)	5,145,020
Current portion of pledges receivable, net	3,236,216	93,429	320,503	-	-	3,650,148
Film assets	28,988,450	-	-	-	-	28,988,450
Prepaid expenses and other assets	1,703,968	1,705	859,850	634,535	-	3,200,058
Total current assets	138,192,729	5,366,153	11,678,924	2,621,472	(9,429,882)	148,429,396
Long-term pledges receivable, net	3,140,123	98,647	161,386	-	-	3,400,156
Long-term grants receivable, net	186,702	-	-	-	-	186,702
Long-term receivables for asset sales	96,135,547	-	-	-	-	96,135,547
Radio and television licenses	17,666,713	2,780,000	-	-	-	20,446,713
Intangible assets	-	-	890,833	501,250	(501,250)	890,833
Goodwill	-	-	-	1,781,557	(1,781,557)	-
Other assets	5,430,670	4,246,420	-	308,697	-	9,985,787
Equity investments	22,713,043	-	322,500	-	-	23,035,543
Funds held under bond agreements - restricted	2,099,903	-	-	-	-	2,099,903
Long-term investments	404,221,499	1,197,728	5,235,530	-	-	410,654,757
Assets Held for Sale	-	1,800,000	-	-	-	1,800,000
Property, facilities and equipment, net	152,000,505	2,029,521	1,305,183	5,054	-	155,340,263
Total assets	841,787,434	17,518,469	19,594,356	5,218,030	(11,712,689)	872,405,600
<b>Liabilities</b>						
Current maturities of debt	1,875,000	168,368	4,869,874	-	-	6,913,242
Accounts payable	7,820,853	191,853	6,458,638	649,374	(2,425,834)	12,694,884
Accrued expenses	22,017,930	1,430,315	2,459,177	540,310	(9,380,400)	17,067,332
Royalties payable	2,781,368	-	-	-	-	2,781,368
Accrued bond interest expense	5,169,682	1,093	-	-	-	5,170,775
Deferred revenue and other liabilities	19,352,297	336,141	80,641	5,844	(2,282,807)	17,492,116
Total current liabilities	59,017,130	2,127,770	13,868,330	1,195,528	(14,089,041)	62,119,717
Long-term deferred revenue and other liabilities	72,751,588	-	288,182	-	-	73,039,770
Long-term debt, net	165,171,156	6,300,672	-	-	-	171,471,828
Accrued bond interest expense	26,480,112	-	-	-	-	26,480,112
Total liabilities	323,419,986	8,428,442	14,156,512	1,195,528	(14,089,041)	333,111,427
<b>Net assets</b>						
Without donor restrictions: WGBH Educational Foundation	411,205,363	8,319,245	(2,192,571)	3,170,634	2,376,352	422,879,023
Without donor restrictions: Noncontrolling interest in CDP	-	-	-	851,868	-	851,868
Total net assets without donor restrictions	411,205,363	8,319,245	(2,192,571)	4,022,502	2,376,352	423,730,891
With donor restrictions	107,162,085	770,782	7,630,415	-	-	115,563,282
Total net assets	518,367,448	9,090,027	5,437,844	4,022,502	2,376,352	539,294,173
Total liabilities and net assets	\$ 841,787,434	\$ 17,518,469	\$ 19,594,356	\$ 5,218,030	\$ (11,712,689)	\$ 872,405,600

The accompanying note is an integral part of this supplemental consolidating information.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2020**

	WGBH	NEPM	PRX	CDP	Eliminations	Consolidated
<b>Operating revenue</b>						
Licensing	\$ 54,989,311	\$ -	\$ 153,317	\$ -	\$ -	\$ 55,142,628
Underwriting	25,295,095	1,271,072	14,886,290	-	-	41,452,457
Viewer and listener support	28,595,914	3,841,861	2,565,940	-	-	35,003,715
Grants and contributions	5,884,576	75,000	417,513	-	-	6,377,089
Community service grants from the Corporation for						
Public Broadcasting	10,110,550	335,870	-	-	-	10,446,420
Royalty	3,110,392	-	-	-	-	3,110,392
Captioning and ancillary services	5,746,081	-	-	-	(79,892)	5,666,189
Other services revenue	3,606,356	32,098	915,040	11,206,732	-	15,760,226
Planned giving	2,064,525	40,000	-	-	-	2,104,525
Change in value of split interest agreements	-	-	-	-	-	-
Accretion of interest and other income on long-term receivables	5,367,103	-	-	-	-	5,367,103
Gain on equity investments	15,308,211	-	-	-	-	15,308,211
Investment earnings authorized for operations	16,732,121	-	248,803	-	-	16,980,924
In-kind contributions and donated services	10,000	761,602	83,664	-	-	855,266
Affiliation fees	-	-	4,313,376	-	(30,800)	4,282,576
Distribution fees	-	-	7,219,724	-	(164,422)	7,055,302
Miscellaneous income	12,552,357	135,678	244,805	-	(3,793,724)	9,139,116
Total operating revenue	<u>189,372,592</u>	<u>6,493,181</u>	<u>31,048,472</u>	<u>11,206,732</u>	<u>(4,068,838)</u>	<u>234,052,139</u>
Net assets released from restrictions	35,189,655	319,969	5,284,889	-	(2,935,966)	37,858,547
Total operating revenue and other support	<u>224,562,247</u>	<u>6,813,150</u>	<u>36,333,361</u>	<u>11,206,732</u>	<u>(7,004,804)</u>	<u>271,910,686</u>
<b>Operating expenses</b>						
Program services						
Programming and production	163,716,373	3,618,892	14,558,215	-	(5,312,317)	176,581,163
Broadcasting	18,088,930	2,288,694	24,875,485	-	(275,114)	44,977,995
Public information, guides and educational material	6,099,899	487,635	-	5,794,009	32,145	12,413,688
Total program services	<u>187,905,202</u>	<u>6,395,221</u>	<u>39,433,700</u>	<u>5,794,009</u>	<u>(5,555,286)</u>	<u>233,972,846</u>
Supporting services						
Fundraising and development	17,504,415	1,381,045	1,280,981	-	(3,323,770)	16,842,671
Underwriting	7,484,307	810,779	-	-	-	8,295,086
General and administrative	9,721,624	2,836,981	5,328,884	8,141,550	(502,100)	25,526,939
Total supporting services	<u>34,710,346</u>	<u>5,028,805</u>	<u>6,609,865</u>	<u>8,141,550</u>	<u>(3,825,870)</u>	<u>50,664,696</u>
Total operating expenses	<u>222,615,548</u>	<u>11,424,026</u>	<u>46,043,565</u>	<u>13,935,559</u>	<u>(9,381,156)</u>	<u>284,637,542</u>
(Deficit) surplus of operating revenue over operating expenses	<u>1,946,699</u>	<u>(4,610,876)</u>	<u>(9,710,204)</u>	<u>(2,728,827)</u>	<u>2,376,352</u>	<u>(12,726,856)</u>
<b>Nonoperating gains</b>						
Contribution from acquisition of NEPM	-	3,213,365	-	-	-	3,213,365
Net realized and unrealized gain on investments	23,028,538	193,439	1,118	-	-	23,223,095
Investment (loss) income	(2,760,963)	91,057	58	-	-	(2,669,848)
Investments earnings authorized for operations	(14,928,649)	-	-	-	-	(14,928,649)
Other gains (losses), net	2,478,721	-	-	(187,748)	-	2,290,973
Nonoperating gains (losses), net	<u>7,817,647</u>	<u>3,497,861</u>	<u>1,176</u>	<u>(187,748)</u>	<u>-</u>	<u>11,128,936</u>
Change in net assets before net asset transfers	<u>9,764,346</u>	<u>(1,113,015)</u>	<u>(9,709,028)</u>	<u>(2,916,575)</u>	<u>2,376,352</u>	<u>(1,597,920)</u>
Net asset transfers	(9,544,760)	9,432,260	112,500	-	-	-
Increase (decrease) in net assets without donor restrictions: WGBH Educational Foundation	219,586	8,319,245	(9,596,528)	(2,916,575)	2,376,352	(1,597,920)
Change in net assets without donor restrictions: Noncontrolling Interest in CDP	-	-	-	1,000,043	-	1,000,043
Total increase (decrease) in net assets without donor restrictions	<u>219,586</u>	<u>8,319,245</u>	<u>(9,596,528)</u>	<u>(1,916,532)</u>	<u>2,376,352</u>	<u>(597,877)</u>
Beginning of year	410,985,777	-	7,403,957	5,939,034	-	424,328,768
End of year	<u>\$ 411,205,363</u>	<u>\$ 8,319,245</u>	<u>\$ (2,192,571)</u>	<u>\$ 4,022,502</u>	<u>\$ 2,376,352</u>	<u>\$ 423,730,891</u>

The accompanying note is an integral part of this supplemental consolidating information.

**WGBH Educational Foundation and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2020**

	<b>WGBH</b>	<b>NEPM</b>	<b>PRX</b>	<b>CDP</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Net assets without donor restrictions at June 30, 2019</b>	\$ 410,985,777	\$ -	\$ 7,403,957	\$ 5,939,034	\$ -	\$ 424,328,768
Surplus (deficit) of operating revenue over operating expenses	1,946,699	(4,610,876)	(9,710,204)	(2,728,827)	2,376,352	(12,726,856)
Contribution from acquisition of NEPM	-	3,213,365	-	-	-	3,213,365
Net realized and unrealized gains on investments	23,028,538	193,439	1,118	-	-	23,223,095
Investment (loss) income	(2,760,963)	91,057	58	-	-	(2,669,848)
Investments earnings authorized for operations	(14,928,649)	-	-	-	-	(14,928,649)
Other gains (losses), net	2,478,721	-	-	(187,748)	-	2,290,973
Total increase (decrease) in net assets without donor restrictions before net asset transfers	9,764,346	(1,113,015)	(9,709,028)	(2,916,575)	2,376,352	(1,597,920)
Net asset transfers	(9,544,760)	9,432,260	112,500	-	-	-
Total increase (decrease) in net assets without donor restrictions: WGBH Educational Foundation	219,586	8,319,245	(9,596,528)	(2,916,575)	2,376,352	(1,597,920)
Total increase in net assets without donor restrictions: Noncontrolling interest in CDP	-	-	-	1,000,043	-	1,000,043
Total increase in net assets without donor restrictions	219,586	8,319,245	(9,596,528)	(1,916,532)	2,376,352	(597,877)
<b>Net assets without donor restrictions at June 30, 2020</b>	\$ 411,205,363	\$ 8,319,245	\$ (2,192,571)	\$ 4,022,502	\$ 2,376,352	\$ 423,730,891
<b>Net assets with donor restrictions at June 30, 2019</b>	\$ 111,753,379	\$ -	\$ 9,914,293	\$ -	\$ -	\$ 121,667,672
Grants and contributions	27,811,605	383,053	3,312,360	-	(2,935,966)	28,571,052
Planned giving	695,565	-	-	-	-	695,565
Change in value of split interest agreements	553,931	-	-	-	-	553,931
Contribution from acquisition of NEPM	-	426,301	-	-	-	426,301
Investment earnings authorized for operations	(1,803,472)	-	(248,803)	-	-	(2,052,275)
Net assets released from restrictions used for operations	(35,189,655)	(319,969)	(5,284,889)	-	2,935,966	(37,858,547)
Net realized and unrealized gains (losses) on investments	3,296,443	430	(74,273)	-	-	3,222,600
Investment income (loss)	325,462	(205)	11,726	-	-	336,983
Total increase (decrease) in net assets with donor restrictions before net assets	(4,310,121)	489,610	(2,283,879)	-	-	(6,104,390)
Net asset transfers	(281,173)	281,173	-	-	-	-
Total increase (decrease) in net assets with donor restrictions	(4,591,294)	770,783	(2,283,879)	-	-	(6,104,390)
<b>Net assets with donor restrictions at June 30, 2020</b>	\$ 107,162,085	\$ 770,783	\$ 7,630,414	\$ -	\$ -	\$ 115,563,282

The accompanying note is an integral part of this supplemental consolidating information.

**WGBH Educational Foundation and Subsidiaries**  
**Note to Supplemental Consolidating Information**  
**Years Ended June 30, 2021 and 2020**

---

**1. Basis of Presentation**

The accompanying supplemental consolidating information includes the consolidating statement of financial position and activities of the individual entities of WGBH Educational Foundation and Subsidiaries. All intercompany accounts and transactions between entities have been eliminated. The consolidating information presented is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements and is not required as part of the basic financial statements.