



WHYY, Inc.

Financial Statements
Years Ended June 30, 2015 and 2014

WHYY, Inc.

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WHYY, Inc.

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Independent Auditor's Report

The Board of Directors
WHYY, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of WHYY, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements referred to above present fairly, in all material respects, the financial position of WHY, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Philadelphia, Pennsylvania
December 4, 2015

Financial Statements

WHYY, Inc.
Statements of Financial Position

<i>June 30,</i>	2015	2014
Assets		
Current Assets		
Cash	\$ 459,861	\$ 1,071,735
Contributions receivable, net	4,108,387	3,790,282
Grant receivable, Commonwealth of Pennsylvania	500,000	-
Accounts and other receivables (net of allowance for doubtful accounts of \$7,221 in 2015 and \$17,566 in 2014)	850,202	847,321
Unbilled project revenue	3,276,605	1,756,452
Deferred project costs	81,374	61,636
Prepaid expenses and other current assets	321,169	193,440
Inventory	81,482	161,711
Total Current Assets	9,679,080	7,882,577
Property and Equipment	15,092,818	15,822,823
Other Assets		
Deferred financing costs (net of accumulated amortization of \$158,669 in 2015 and \$154,415 in 2014)	30,496	34,750
Contributions receivable	937,652	1,301,973
Investments	6,417,526	6,654,151
Beneficial interest in perpetual trust	360,076	310,092
Broadcast licenses	1,287,229	1,287,229
	9,032,979	9,588,195
Total Assets	\$ 33,804,877	\$ 33,293,595
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,044,925	\$ 390,169
Accrued expenses and other current liabilities	2,052,156	2,176,149
Deferred revenue	272,923	1,264,894
Current portion of:		
Obligation under capital lease	15,089	13,840
Long-term debt	194,209	187,102
Note payable	216,461	210,072
Total Current Liabilities	3,795,763	4,242,226
Long Term Liabilities		
Deferred revenue	465,524	597,058
Obligation under capital lease	39,118	54,207
Long-term debt	2,797,061	2,992,193
Note payable	2,269,771	2,486,243
	5,571,474	6,129,701
Total Liabilities	9,367,237	10,371,927
Commitments and Contingencies		
Unrestricted		
Undesignated	11,302,185	11,841,038
Board-designated	2,660,671	2,748,532
Total Unrestricted	13,962,856	14,589,570
Temporarily Restricted	7,492,591	5,399,889
Permanently Restricted	2,982,193	2,932,209
Total Net Assets	24,437,640	22,921,668
Total Liabilities and Net Assets	\$ 33,804,877	\$ 33,293,595

See accompanying notes to financial statements.

WHYY, Inc.

Statements of Activities and Changes in Net Assets

<i>Year ended June 30, 2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue and Support				
Support:				
State of Delaware	\$ 175,000	\$ -	\$ -	\$ 175,000
Corporation for Public Broadcasting	1,723,966	613,155	-	2,337,121
Total Support	1,898,966	613,155	-	2,512,121
Contributions and Revenue				
Memberships and other contributions	14,627,308	4,058	-	14,631,366
Program contracts and grants	3,737,740	4,060,334	-	7,798,074
Program underwriting	4,959,695	-	-	4,959,695
In-kind income	444,461	-	-	444,461
Realized and unrealized losses from investments	(14,257)	(21,075)	-	(35,332)
Interest and dividends	58,957	59,414	-	118,371
Change in value of beneficial interest in perpetual trust	-	-	49,984	49,984
Other	580,339	1,379,399	-	1,959,737
Net assets released from restrictions	4,002,582	(4,002,582)	-	-
Total Contributions and Revenue	28,396,824	1,479,547	49,984	29,926,355
Total Support, Contributions and Revenue	30,295,790	2,092,702	49,984	32,438,476
Expenses				
Program services:				
Production and broadcasting	21,806,660	-	-	21,806,660
Supporting Services:				
General and administrative	2,155,803	-	-	2,155,803
Fund raising	6,960,041	-	-	6,960,041
Total Supporting Services	9,115,844	-	-	9,115,844
Total Expenses	30,922,504	-	-	30,922,504
Change in Net Assets	(626,714)	2,092,702	49,984	1,515,972
Net Assets, beginning of year	14,589,570	5,399,889	2,932,209	22,921,668
Net Assets, end of year	\$ 13,962,856	\$ 7,492,591	\$ 2,982,193	\$ 24,437,640

WHYY, Inc.

Statements of Activities and Changes in Net Assets

<i>Year ended June 30, 2014</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue and Support				
Support:				
State of Delaware	\$ 150,000	\$ -	\$ -	\$ 150,000
Corporation for Public Broadcasting	1,737,271	579,090	-	2,316,361
Total Support	1,887,271	579,090	-	2,466,361
Contributions and Revenue				
Memberships and other contributions	14,095,807	995,354	-	15,091,161
Program contracts and grants	3,870,227	2,862,472	-	6,732,699
Program underwriting	4,495,776	-	-	4,495,776
In-kind income	366,632	-	-	366,632
Realized and unrealized gains from investments	341,371	316,867	-	658,238
Interest and dividends	63,544	61,712	-	125,256
Change in value of beneficial interest in perpetual trust	-	-	35,757	35,757
Other	1,047,289	255,607	-	1,302,896
Net assets released from restrictions	3,626,734	(3,626,734)	-	-
Total Contributions and Revenue	27,907,380	865,278	35,757	28,808,415
Total Support, Contributions and Revenue	29,794,651	1,444,368	35,757	31,274,776
Expenses				
Program services:				
Production and broadcasting	21,097,171	-	-	21,097,171
Supporting Services:				
General and administrative	1,941,889	-	-	1,941,889
Fund raising	6,976,688	-	-	6,976,688
Total Supporting Services	8,918,577	-	-	8,918,577
Total Expenses	30,015,748	-	-	30,015,748
Change in Net Assets	(221,097)	1,444,368	35,757	1,259,028
Net Assets, beginning of year	14,810,667	3,955,521	2,896,452	21,662,640
Net Assets, end of year	\$ 14,589,570	\$ 5,399,889	\$ 2,932,209	\$ 22,921,668

See accompanying notes to financial statements.

WHYY, Inc.

Statements of Cash Flows

<i>Year ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 1,515,972	\$ 1,259,028
Adjustments to reconcile change in net assets to net cash (utilized) provided by operating activities:		
Depreciation expense	1,092,795	1,351,568
Amortization of deferred financing costs	4,254	13,079
Realized and unrealized losses (gains) from investments	35,332	(658,238)
Change in value of beneficial interest in perpetual trust	(49,984)	(35,757)
Proceeds from contributions restricted for acquisition of plant and equipment	-	(293,233)
Provision for uncollectible contributions	(12,698)	201,421
Other income	(141,660)	(141,660)
Changes in:		
Contributions receivable	58,914	(879,196)
Grant receivable, Commonwealth of Pennsylvania	(500,000)	75,000
Accounts and other receivables, net	(2,881)	107,419
Unbilled project revenue	(1,520,153)	(177,547)
Deferred project costs	(19,738)	16,312
Prepaid expenses and other current assets	(127,729)	119,447
Inventory	80,229	51,166
Accounts payable	654,756	(921,919)
Accrued expenses	(123,993)	(208,183)
Deferred revenue	(981,845)	512,723
Net cash (utilized) provided by operating activities	(38,429)	391,430
Cash Flows from Investing Activities		
Purchases of investments	(1,880,613)	(2,512,062)
Sales of investments	2,081,906	2,557,273
Purchases of property and equipment	(362,790)	(327,778)
Net cash utilized by investing activities	(161,497)	(282,567)
Cash Flows from Financing Activities		
Principal payments under capital lease obligation	(13,840)	(14,755)
Borrowings related to capital lease obligation	-	77,669
Principal payments on note payable	(210,083)	(203,883)
Principal payments on other liability, related party	-	(293,233)
Principal payments on long-term debt	(188,025)	(179,969)
Proceeds from contributions restricted for acquisition of plant and equipment	-	293,233
Net cash utilized by financing activities	(411,947)	(320,938)
Net Decrease in Cash	(611,874)	(212,075)
Cash, beginning of year	1,071,735	1,283,810
Cash, end of year	\$ 459,861	\$ 1,071,735
Supplemental Disclosures		
Cash paid for interest	\$ 227,295	\$ 243,428

Supplemental Disclosure of Non-Cash Investing Activities

During 2014, WHYY wrote-off \$259,499 of fully depreciated property and equipment.

See accompanying notes to financial statements.

WHYY, Inc.

Statements of Functional Expenses

<i>Year ended June 30, 2015</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total	
Salaries and related expenses	\$ 11,239,997	\$ 1,298,900	\$ 2,733,747	\$ 4,032,647	\$ 15,272,644
Audit and professional fees	38,516	133,810	13,480	147,290	185,807
Building maintenance and operations	499,761	23,488	45,932	69,421	569,182
Direct marketing expenses	-	-	1,242,589	1,242,589	1,242,589
In-kind	327,025	-	21,000	21,000	348,025
Insurance	116,502	15,798	14,317	30,116	146,618
Interest and bank fees	193,348	108,380	318,384	426,763	620,111
Legal fees	30,492	38,857	-	38,857	69,348
Membership and development expenses	-	-	1,657,513	1,657,513	1,657,513
Office expenses and services	160,766	69,799	37,860	107,660	268,425
Other administrative costs	269,612	99,244	100,651	199,895	469,507
Postage and delivery	10,874	4,395	494,672	499,067	509,941
Production and acquisition costs	6,896,532	-	-	-	6,896,532
Public relations and promotion	13,377	283,793	-	283,793	297,169
Telecommunications and technology expenses	240,068	23,830	207,107	230,937	471,005
Transmitter and studio maintenance, supplies, power and rent	662,230	-	-	-	662,230
Travel and business expenses	86,030	28,892	28,141	57,033	143,064
Total Expenses Before Depreciation	20,785,129	2,129,186	6,915,394	9,044,580	29,829,709
Depreciation Expense	1,021,530	26,617	44,648	71,265	1,092,795
Total Expenses	\$ 21,806,659	\$ 2,155,803	\$ 6,960,042	\$ 9,115,845	\$ 30,922,504

WHYY, Inc.

Statements of Functional Expenses

<i>Year ended June 30, 2014</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 10,567,557	\$ 1,290,461	\$ 2,430,375	\$ 3,720,836	\$ 14,288,393
Audit and professional fees	29,763	76,463	6,177	82,640	112,403
Building maintenance and operations	446,153	20,550	39,408	59,958	506,111
Direct marketing expenses	-	-	1,352,163	1,352,163	1,352,163
In-kind	45,069	-	321,563	321,563	366,632
Insurance	99,242	23,313	9,036	32,349	131,591
Interest and bank fees	207,153	90,012	267,655	357,667	564,820
Legal and professional fees	28,721	12,519	-	12,519	41,240
Membership development and underwriting expenses	-	-	1,622,891	1,622,891	1,622,891
Office expenses and services	187,918	70,426	35,826	106,252	294,170
Other administrative costs	37,208	273,143	59,368	332,511	369,719
Postage and delivery	4,659	3,489	520,035	523,524	528,183
Production expenses and program acquisition fees	7,164,520	-	-	-	7,164,520
Public relations and promotion	11,034	3,227	-	3,227	14,261
Telecommunications and information technology expenses	224,347	27,878	229,379	257,257	481,604
Transmitter and studio maintenance, supplies, power and rent	667,898	-	-	-	667,898
Travel and business expenses	113,841	16,322	27,418	43,740	157,581
Total Expenses Before Depreciation	19,835,083	1,907,803	6,921,294	8,829,097	28,664,180
Depreciation Expense	1,262,088	34,086	55,394	89,480	1,351,568
Total Expenses	\$ 21,097,171	\$ 1,941,889	\$ 6,976,688	\$ 8,918,577	\$ 30,015,748

See accompanying notes to financial statements

WHYY, Inc.

Notes to Financial Statements

1. Business

WHYY, Inc. (WHYY) is a not-for-profit public broadcasting corporation incorporated in Pennsylvania. WHYY operates WHYY-TV/Channel 12 and WDPB-TV/Channel 64, both licensed in Delaware; WNJB (89.3), WNJM (89.9), WNJN (89.7), WNJS (88.1) and WNJZ (90.3), licensed in New Jersey; WHYY-FM (90.9), licensed in Philadelphia; and Internet web sites at why.org and newsworks.org.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

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

Net Assets

The financial statements report revenue, expenses, gains, and losses in one of three classes of net assets - unrestricted, temporarily restricted, and permanently restricted.

Unrestricted revenue and net assets are those that are not restricted by donors.

Temporarily restricted revenue and net assets contain donor-imposed restrictions on the use of those assets that either expire with the passage of time or can be otherwise met by WHYY pursuant to the stipulation.

Permanently restricted net assets are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by WHYY. Investment income and investment gains earned on permanently restricted net assets are recorded as temporarily restricted net assets until they are transferred to unrestricted net assets for use in operations, except for perpetual trusts, as noted below. Investment losses on the investments of a permanently restricted endowment fund reduce temporarily restricted net assets to the extent available.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received by WHYY. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

WHYY, Inc.

Notes to Financial Statements

Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same year in which the contribution is received, the contribution is reported as unrestricted.

Contributions restricted for the acquisition of property and equipment, which are included in temporarily restricted revenue, are reclassified to unrestricted net assets when the related assets are acquired.

Contributions and Accounts Receivable

Contributions and accounts receivable are presented net of the related allowance for doubtful accounts. WHYY provides an allowance for doubtful accounts based on management's estimate of amounts that will ultimately become uncollectible. WHYY's policy is to write-off contributions and accounts receivable balances once management has deemed them to be uncollectible.

Deferred Project Costs

Deferred project costs represent costs incurred on productions not yet aired and acquisition fees for which the related programming access period has not yet expired.

Inventory

Inventory is stated at the lower of cost or market on a first in, first out basis.

Property and Equipment

Purchased assets are recorded at cost, and contributed assets are recorded at fair market value on the date of contribution. Depreciation on purchased assets is calculated using the straight-line method over the estimated useful lives of assets, as follows: buildings and improvements: 15 to 39 years; and transmitting, broadcasting and other equipment: 3 to 10 years. Depreciation on equipment under a non-cancelable capital lease is calculated using the lower of the estimated useful life or the lease term and is included in depreciation expense.

Deferred Financing Costs

Deferred financing costs incurred in obtaining debt are amortized to interest expense using the straight-line method, which is not materially different from the effective interest method, over the term of the related debt. Amortization of deferred financing costs was \$4,254 and \$13,079 for the years ended June 30, 2015 and 2014, respectively.

Investments

Investments in marketable securities are recorded at fair value. Donated securities are recorded as contributions at the fair value at time of donation.

WHYY, Inc.

Notes to Financial Statements

WHYY has a long-standing investment policy for all endowment fund investments to produce a predictable stream of funding to programs/operations while seeking to maintain the purchasing power of the assets. Under this policy, as approved by the Board of Directors, the assets are invested in a manner that is intended to produce returns that exceed the 4.5% annual spending policy, while assuming a moderate level of investment risk. Actual returns may vary from the intended results. To satisfy its long-term rate of return objectives, WHYY relies on a total return strategy in which investment returns are achieved through both capital appreciation and investment income. WHYY targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Investment Cash / Statement of Cash Flows

WHYY may have cash temporarily held in an investment account as of the date of the financial statements. Such cash is intended for investment purposes and is not considered cash for purposes of the statement of cash flows.

Beneficial Interest in Perpetual Trust

Under the terms of a perpetual trust, held by a third party, WHYY is the beneficiary of income earned by those trust assets for perpetuity. When notified of a trust's existence, a permanently restricted contribution and an asset equal to the lesser of WHYY's applicable percentage of the fair value of the trust's assets or present value of estimated distribution cash flows is recognized. The investment policy of the perpetual trust is determined and administered by a third-party trustee. WHYY recorded an increase in fair value of its share of the assets held in perpetuity by \$49,984 and \$35,757 for the years ended June 30, 2015 and 2014, respectively.

Changes in the fair value of trust assets are recognized as changes in permanently restricted net assets in the period the change occurs. Income is designated for programming and recorded as unrestricted investment income in the period received from the Trustee.

Broadcast Licenses

Identifiable intangible assets with indefinite lives consist of certain FCC licenses acquired for the New Jersey Public FM radio stations. Such intangible assets are not amortized but instead are subject to annual impairment tests. There were no indications of impairment on these assets as of June 30, 2015 and 2014.

In-Kind Support and Expenses

The statements of activities reflect donated materials, facilities, and contributed services as support and expenses. The computation of the value of the donated materials and facilities is based on estimated fair value. Contributed services are valued using industry guidelines, and services rendered by corporations are valued by those organizations.

Program Revenue Recognition

WHYY recognizes revenue and expenses on substantial projects as work progresses. Revenue earned but unbilled at year-end is accrued and classified as unbilled project revenue. Deferred revenue on uncompleted projects represents project billings in excess of cost for which revenue has not been earned as of the statement of financial position date.

WHYY, Inc.

Notes to Financial Statements

Advertising Costs

WHYY expenses advertising costs as incurred. For the years ended June 30, 2015 and 2014, such expenses were approximately \$1,475,000 and \$1,303,000, respectively.

Functional Expense

The costs of providing the various programs and other activities of WHYY have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated in the statement of functional expenses among the programs and supporting services benefited.

Reclassifications

Certain prior year balances have been reclassified on the consolidated statement of financial position to conform to the 2015 presentation. These reclassifications had no effect on WHYY's previously reported changes in net assets.

3. Concentrations

Cash

WHYY maintains its cash in interest-bearing accounts at a commercial bank. Such accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. WHYY may, at times, exceed the insured limit, but has not experienced any losses in such accounts. WHYY believes it is not exposed to any significant credit risk on uninsured cash.

Contributions Receivable

WHYY had significant contributions receivable as of June 30:

	2015	2014
Contribution A (Foundation)	20%	26%

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2015	2014
Land	\$ 1,543,979	\$ 1,543,979
Building and improvements	22,066,119	22,024,186
Transmitting, broadcasting and other equipment	17,604,717	17,283,860
	41,214,815	40,852,025
Less accumulated depreciation	(26,121,997)	(25,029,202)
Net property and equipment	\$ 15,092,818	\$ 15,822,823

WHYY, Inc.

Notes to Financial Statements

Depreciation amounted to \$1,092,795 and \$1,351,568 for the years ended June 30, 2015 and 2014, respectively.

5. Investments

The nature and fair value (see Note 6) of WHYY's investments at June 30, 2015 and 2014 are summarized as follows:

	2015	2014
Cash	\$ 55,367	\$ 27,327
Money market funds	171,626	194,070
Common stock	1,897,968	-
Exchange traded funds	463,640	3,779,401
Mutual funds - equity	2,400,880	801,352
Mutual funds - fixed income	1,428,045	1,852,001
Total	\$ 6,417,526	\$ 6,654,151

WHYY's investment activity resulted in net realized and unrealized losses of \$35,332 for the year ended June 30, 2015 and net realized and unrealized gains of \$658,238 for the year ended June 30, 2014. Interest and dividend income from investment activity were \$118,371 and \$125,256 for the year ended June 30, 2015 and 2014, respectively.

WHYY invests in various investment securities which are exposed to various risks, such as interest rates, credit and market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

6. Fair Value of Financial Instruments

WHYY accounts for the fair value of its financial instruments in accordance with the guidance in ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

WHYY, Inc.

Notes to Financial Statements

WHYY uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment portfolio. When available, WHYY measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are derived principally from or corroborated by observable market data by correlation or other means. The following is a description of the valuation methodologies used for investments measured at fair value as of June 30, 2015 and 2014:

Level 1 Fair Value Measurements

Money market funds, exchange traded funds and mutual funds are valued at the closing price reported on the active market on which the individual funds are traded.

Level 3 Fair Value Measurements

Beneficial interest in perpetual trust are valued based the lesser of WHYY's applicable percentage of the fair value of the trust's assets or the present value of the estimated distribution cash flows of the trust using a series of annuity payments in perpetuity using a discount rate based on the estimated rate of return and projected growth of the underlying assets held by the third party.

WHYY, Inc.

Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, WHYY's investment assets measured at fair value on a recurring basis at June 30, 2015:

	Level 1	Level 3	Total
Money market funds	\$ 171,626	\$ -	\$ 171,626
Common stock			
Small/mid/large core	824,798	-	824,798
Small/mid/large value	713,667	-	713,667
Mid/large growth	359,503	-	359,503
Exchange traded funds			
Domestic equity fund:			
Energy sector	83,532	-	83,532
Foreign equity fund:			
Large cap blend	202,734	-	202,734
Inflation protected funds:			
Real estate	103,087	-	103,087
Bond	74,287	-	74,287
Mutual funds - equity			
Domestic equity funds:			
Large cap blend	303,711	-	303,711
Small cap value	151,566	-	151,566
Small/large cap growth	478,754	-	478,754
Emerging markets	215,331	-	215,331
Foreign equity funds:			
Large cap blend	222,800	-	222,800
Large cap growth	457,925	-	457,925
Inflation protected funds:			
Fixed income	214,959	-	214,959
Real estate	14,140	-	14,140
Hedged Strategies funds:			
Large cap blend	148,605	-	148,605
Managed futures	193,089	-	193,089
Mutual funds - fixed income			
Bank loan	155,172	-	155,172
High Yield	5,666	-	5,666
Intermediate term	651,339	-	651,339
Nontraditional	457,473	-	457,473
Short term	158,395	-	158,395
Beneficial interest in perpetual trust	-	360,076	360,076
Total Investment Assets at Fair Value	\$ 6,362,159	\$ 360,076	\$ 6,722,235

At June 30, 2015, WHYY's investment portfolio included \$28,834 of cash and \$26,533 of bank money market funds that are not included in the above table.

WHYY, Inc.

Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, WHYY's investment assets measured at fair value on a recurring basis at June 30, 2014:

	Level 1	Level 3	Total
Money market funds	\$ 170,759	\$ -	\$ 170,759
Exchange traded funds			
Domestic equity fund:			
Large cap value	522,607	-	522,607
Large cap growth	1,076,620	-	1,076,620
Small/mid cap value	456,810	-	456,810
Small/mid cap growth	273,348	-	273,348
Small/mid cap growth	170,191	-	170,191
Foreign equity fund:			
Large cap blend	1,025,907	-	1,025,907
Inflation protected funds:			
Real estate	123,330	-	123,330
Bond	130,588	-	130,588
Mutual funds - equity			
Domestic equity funds:			
Large cap blend	660,063	-	660,063
Small cap value	101,028	-	101,028
Small/mid cap growth	23,933	-	23,933
Inflation protected funds:			
Real estate	16,328	-	16,328
Mutual funds - fixed income			
Short term	1,058,093	-	1,058,093
Intermediate term	54,953	-	54,953
Bank loan	351,896	-	351,896
Nontraditional	344,199	-	344,199
Commodities broad basket	42,860	-	42,860
Beneficial interest in perpetual trust	-	310,092	310,092
Total Investments Assets at Fair Value	\$ 6,603,513	\$ 310,092	\$ 6,913,605

At June 30, 2014, WHYY's investment portfolio included \$27,327 of cash and \$23,311 of bank money market funds that are not included in the above table.

WHYY, Inc.

Notes to Financial Statements

At June 30, 2015, WHYY has a beneficial interest in a perpetual trust held by a third party which is recorded as fair value on a recurring basis. At June 30, 2015 and 2014, the fair value of the beneficial interest of \$360,076 and \$310,092, respectively, is considered Level 3 under the fair value hierarchy. The following table summarizes the changes in fair value of the beneficial interest in the perpetual trust held by WHYY:

	2015	2014
Balance, July 1	\$ 310,092	\$ 274,335
Change in fair value of beneficial interest in perpetual trust	49,984	35,757
Balance, June 30	\$ 360,076	\$ 310,092

There were no assets or liabilities recorded at fair value on a non-recurring basis at June 30, 2015 and 2014.

7. Contributions Receivable

WHYY records unconditional promises to give as contributions receivable. Pledges due beyond one year are discounted to the present value using discount rates ranging from 0.61% to 4.92%. Contributions receivable at June 30, 2015 and 2014 are as follows:

	2015	2015
Receivable in:		
Less than one year	\$ 4,933,756	\$ 4,618,004
One to five years	983,809	1,351,343
	5,917,565	5,969,347
Less allowance for uncollectible contributions receivable	(825,369)	(827,722)
	5,092,196	5,141,625
Less discounts to net present value	(46,157)	(49,370)
	\$ 5,046,039	\$ 5,092,255
Current portion	\$ 4,108,387	\$ 3,790,282
Long-term portion	937,652	1,301,973
	\$ 5,046,039	\$ 5,092,255

8. Grant Receivable, Commonwealth of Pennsylvania

WHYY has an agreement to be the subrecipient of \$500,000 grant from the Commonwealth of Pennsylvania (the "Commonwealth") to the Philadelphia Authority for Industrial Development ("PAID") under the Redevelopment Assistance Capital Program ("RACP"). Under this agreement WHYY is bound by all provisions in the agreement between PAID and the Commonwealth. The grant was awarded to fund facility upgrades to WHYY's headquarters in Philadelphia. At June 30, 2015, a total of \$500,000 is due from PAID for eligible RACP expenditures incurred.

WHYY, Inc.

Notes to Financial Statements

9. Note Payable

In April 1998, on behalf of WHYY, the Borough of Langhorne Manor Higher Education and Health Authority (the Authority) issued and sold \$5,000,000 in Revenue Bonds (WHYY Inc. Project), Series of 1998 (the Bonds) to Wilmington Trust Company (the Bond Purchaser).

WHYY borrowed \$5,000,000 (proceeds from the sale of the Bonds) from the Authority under a Bond purchase and loan agreement (the Note). To secure the Authority's obligation to the Bond Purchaser, the Authority assigned to the Bond Purchaser the Note and substantially all of the Authority's rights therein. The 25-year tax-exempt Bonds and Note initially carried an interest rate of 4.83%, which resets periodically (at a maximum rate of 5.2%). On April 30, 2009, the rate reset to a rate of 3.0%. The next scheduled rate reset is April 30, 2018. Approximate principal payments for the next five years are due as follows: 2016, \$216,000, 2017, \$223,000, 2018, \$230,000, 2019, \$237,000, and 2020, \$244,000. On April 30, 2023, the maturity date of the note, a balloon payment of \$604,000 will become due.

The terms of the Note include certain financial covenants. WHYY has complied with all covenants as of and for the years ended June 30, 2015 and 2014.

Interest expense for the years ended June 30, 2015 and 2014 was \$78,005 and \$84,217, respectively.

The Bond Purchaser holds as collateral under the Note a first lien on Board Designated investments, and a second lien on the WHYY headquarters Philadelphia property.

10. Long Term Debt

In September 2012, WHYY closed on a \$3,490,000 term loan (loan) with a bank. The loan bears interest at a fixed rate of 3.84%. Approximate principal payments for the next five years are due as follows: 2016, \$194,000; 2017, \$202,000, 2018, \$210,000, 2019, \$219,000, and 2020, \$227,000. Principal prepayments are permitted up to \$1,750,000 without penalty. The loan matures in September 2022, at which time a balloon payment of \$1,395,367 will become due. The bank providing the loan holds as collateral a first lien on the WHYY headquarters property in Philadelphia.

The terms of the loan include certain financial covenants. WHYY has complied with all covenants for the years ended June 30, 2015 and June 30 2014, respectively.

Interest expense of \$118,953 and \$127,032 was incurred on the long-term debt obligation for the years ended June 30, 2015 and 2014, respectively.

11. Line of Credit

Through June 29, 2015 WHYY maintained a \$2,000,000 line of credit facility (line) with a bank. On June 30, 2015, the line agreement was amended to increase availability by \$1,000,000 to \$3,000,000 and to extend the maturity date from September 2015 to September 2018. The line is used for working capital and other general corporate purposes. Borrowings bear interest at 2.25% plus the greater of one-month LIBOR, adjusting daily or one-day (overnight) LIBOR, at the bank's discretion (2.43% and 2.40% at June 30, 2015 and 2014). The line is secured by a first lien on

WHYY, Inc.

Notes to Financial Statements

unrestricted assets. There were no outstanding borrowings under the line as of June 30, 2015 and June 30, 2014.

WHYY has complied with all covenants set forth in agreements related to the line for the years ended June 30, 2015 and June 30 2014.

Interest expense paid on borrowings under the line was \$3,397 and \$1,432 for the years ended June 30, 2015 and 2014, respectively.

12. Multiple Disbursement Term Loan

In June, 2015, WHYY closed on a \$500,000 multiple disbursement term loan with a bank. The credit facility will be used to advance funds available to WHYY under its RACP grant agreement of equal value discussed in Note 8 to the financial statements that are pending reimbursement. Upon receipt, the RACP grant proceeds will be applied to outstanding borrowings.

The facility is scheduled to mature in December 2016 following reimbursement of total grant proceeds available to WHYY under its RACP agreement and subsequent reduction to amounts outstanding under the facility. Borrowings bear interest at one both LIBOR plus 2.25% (2.43% at June 30, 2015). The facility is secured by a first lien on unrestricted assets. There was no outstanding balance on the facility as of June 30, 2015.

The terms of the loan include certain financial covenants. WHYY has complied with all covenants as of and for the years ended June 30, 2015.

13. Capital Lease Equipment and Obligations

WHYY leases certain equipment under a non-cancelable capital lease expiring in 2018. The following is a schedule of the capital lease asset:

	2015		2014	
Other equipment	\$	77,669	\$	77,669
Less: accumulated depreciation		(25,490)		(11,650)
	\$	52,179	\$	66,019

Depreciation on equipment under a non-cancelable capital lease was \$13,840 and \$11,650 for each of the years ended June 30, 2015 and 2014, respectively.

WHYY, Inc.

Notes to Financial Statements

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2015. Interest is imputed at 8.67%, which represented the lessor's implicit rate of return at the inception of the lease.

Total minimum lease payments	\$	62,400
Less amount representing interest		(8,193)
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Present value of net minimum lease payments	\$	54,207
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14. Temporarily Restricted Net Assets

Temporarily restricted net assets are donor restricted at June 30, 2015 and 2014 as follows:

	2015		2014	
Capital additions	\$	30,000	\$	45,000
Grant funded productions and programs		7,030,060		4,868,241
Unrestricted operations in future periods		31,882		29,800
Accumulated earnings in excess of spend		400,649		456,848
<hr/>				
Total	\$	7,492,591	\$	5,399,889
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15. Permanently Restricted Net Assets

Permanently restricted net assets June 30, 2015 and 2014 consist of the following:

	2015		2014	
Endowment	\$	2,622,117	\$	2,622,117
Beneficial interest in perpetual trust		360,076		310,092
<hr/>				
Total	\$	2,982,193	\$	2,932,209
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16. Endowment

WHYY's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

WHYY, Inc.

Notes to Financial Statements

The use of permanently restricted net assets and related income and gains is limited by Pennsylvania Statute Act 141. Each year, WHYY determines the amount that can be spent, subject to donor restrictions. WHYY has elected to utilize the "total return concept" for administering its permanently restricted and board designated funds by transferring a percentage (4.5% in 2015 and 2014) of the fair value of the investments to operations (based upon a rolling quarterly fair value average over twenty quarters - or five years). During the years ended June 30, 2015 and 2014, the Board authorized transfers of \$184,601 and \$172,949, respectively.

As described in Note 2, when applicable, losses on donor-restricted endowment funds are recorded as temporarily restricted. At June 30, 2015 and 2014, the fair value of investments exceeded the related historic cost value of the specific permanently restricted endowment funds.

Endowment funds consist of the following at June 30:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board-designated endowment funds	\$ 2,660,671	\$ -	\$ -	\$ 2,660,671
Donor-restricted endowment funds	-	400,649	2,622,117	3,022,766
Total Funds	\$ 2,660,671	\$ 400,649	\$ 2,622,117	\$ 5,683,437

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board-designated endowment funds	\$ 2,748,532	\$ -	\$ -	\$ 2,748,532
Donor-restricted endowment funds	-	456,848	2,622,117	3,078,965
Total Funds	\$ 2,748,532	\$ 456,848	\$ 2,622,117	\$ 5,827,497

WHYY, Inc.

Notes to Financial Statements

Endowment funds activity is summarized as follows for the years ended June 30:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance at July 1, 2014	\$ 2,748,532	\$ 456,848	\$ 2,622,117	\$ 5,827,497
Investment income	33,469	38,539	-	72,008
Net realized/unrealized losses	(16,068)	(15,399)	-	(31,467)
Total investment return	17,401	23,140	-	40,541
Appropriation of endowment assets for expenditure	(105,262)	(79,339)	-	(184,601)
Balance at June 30, 2015	\$ 2,660,671	\$ 400,649	\$ 2,622,117	\$ 5,683,437

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance at July 1, 2013	\$ 2,506,668	\$ 257,816	\$ 2,622,117	\$ 5,386,601
Investment income	31,399	41,908	-	73,307
Net realized/unrealized gains	308,590	231,948	-	540,538
Total investment return	339,989	273,856	-	613,845
Appropriation of endowment assets for expenditure	(98,125)	(74,824)	-	(172,949)
Balance at June 30, 2014	\$ 2,748,532	\$ 456,848	\$ 2,622,117	\$ 5,827,497

17. Tax Status

WHYY is an organization described under Section 501(c)(3) of the *Internal Revenue Code* and is therefore exempt under Section 501(a) of the *Internal Revenue Code*.

As of June 30, 2015 and 2014, WHYY did not identify any uncertain tax positions taken or expected to be taken in a tax return which would require adjustment to its financial statements. In addition, WHYY believes it has not engaged in any activities for which its tax-exempt status would not be sustained under Internal Revenue Service examination. WHYY's income tax returns are generally open for examination by U.S. federal and state taxing authorities for the past three years. The Corporation is not currently under examination by any U.S. federal or state income taxing authority.

WHYY, Inc.

Notes to Financial Statements

WHYY engages in certain activities unrelated to its tax-exempt purpose. These activities result in unrelated business income that is taxable at normal corporate rates. As of June 30, 2015, expenses incurred by WHYY in conducting these unrelated activities have exceeded revenues derived there from and have resulted in net operating loss carry forwards, expiring at various dates through 2023 of approximately \$133,000. The deferred tax asset resulting from the net operating loss carry forward (NOL) has been fully reserved, since the use of NOL is not considered more-likely-than-not.

18. Commitments and Contingencies

WHYY leases broadcasting tower space for the transmission of its radio and television signals and other equipment under operating leases that expire at various dates through 2029.

Rental expense for 2015 and 2014 were \$393,669 and \$379,292, respectively. Minimum future commitments under noncancelable operating leases at June 30, 2015, are as follows:

<i>Years ending June 30,</i>		<i>Amount</i>
2016	\$	405,000
2017		410,000
2018		387,000
2019		403,000
2020		419,000
Thereafter		3,200,000
	\$	5,224,000

19. Lease Agreements

In June 2004 and February 2005, WHYY entered into lease agreements with an unrelated party which expire in June 2019 and February 2020, respectively. This party leases certain channels not used or reserved by WHYY. Cash of \$2,125,000 was received by WHYY under the terms of the agreements. This amount is recognized as revenue on a straight-line basis over the 15-year term of the lease agreements. Revenue recognized for June 30, 2015 and 2014 was \$141,660 for each year.

20. Licenses

WHYY-TV, Wilmington, Delaware, and WDPB-TV, Seaford, Delaware, operate under licenses granted by the FCC, which expire on August 1, 2023. Additionally, WHYY-FM, Philadelphia, Pennsylvania, maintains a license with the FCC that expires on August 1, 2022.

In 2012, the FCC licenses of five New Jersey FM radio stations, WNJB, WNJM, WNJN, WNJS and WNJZ were purchased from the New Jersey Public Broadcasting Authority. The licenses of all these stations expire on June 1, 2022.

WHYY, Inc.

Notes to Financial Statements

21. Employee Benefit Plans

WHYY provides pension benefits for certain eligible employees under two defined contribution plans covering union and nonunion employees. WHYY's contributions to the plans for 2015 and 2014 were \$478,904 and \$436,847, respectively. In addition, WHYY has a nonqualified supplemental retirement plan for an employee. This plan is fully funded and was frozen in a previous year. At June 30, 2015 and 2014, \$232,385 and \$346,828, respectively, has been recorded in investments and accrued expenses related to the plan.

22. Subsequent Events

In September 2015, WHYY closed on a \$529,000 multiple disbursement term loan with a bank. The proceeds will be used for capital equipment and facility improvement purchases related to the RACP grant project. All borrowings under this facility will require interest-only payments through October 2016 (interest only period). Beginning in October 2016, monthly principal and interest payments will be required for the following 120 months (amortization period). During the interest-only period, the facility bears interest at 2.25% above one-month LIBOR. During the Amortization Period, WHYY has the option of 2.25% above one-month LIBOR or a fixed rate of 2.50% above the bank's cost of funds. The facility is secured by a lien on WHYY headquarters property in Philadelphia.

At the initiation of an unrelated third party, in October 2015, WHYY entered into a bid management and option agreement with the unrelated third party to represent WHYY in the broadcast incentive auction to be conducted by the Federal Communications Commission sometime in early 2016. If successful, WHYY's participation could result in a significant payment to WHYY in exchange for relinquishing its Seaford, Delaware television station license. If the bid is unsuccessful, WHYY will retain ownership of the license. Any Delaware TV12 viewer, either over the air or through cable or fiber, will not be affected by this agreement.

Subsequent events have been evaluated through December 4, 2015, the date the financial statements were available to be issued.