
Window to the World Communications, Inc.

Financial Report
June 30, 2023

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-24

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Window to the World Communications, Inc. (WWCI), which comprise the statement of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WWCI as of June 30, 2023 and 2022 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As described in Note 6 to the financial statements, the financial statements include investments valued at \$22,535,934 (30.6 percent of net assets) and \$20,630,383 (28.9 percent of net assets) as of June 30, 2023 and 2022, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Because of the inherent uncertainty of valuation, management's estimate of values may differ significantly from values that would have been used had a ready market existed for these securities, and the differences could be material. Our opinion is not modified with respect to this matter.

As described in Notes 3 and 12 to the financial statements, WWCI adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, as of July 1, 2022 using the modified retrospective adoption method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of WWCI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WWCI's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

November 27, 2023

Window to the World Communications, Inc.

Statement of Financial Position

	June 30, 2023 and 2022	
	2023	2022
Assets		
Current Assets		
Cash	\$ 717,940	\$ 546,841
Receivables - Net of allowances:		
Accounts receivable - Net (Note 4)	683,088	786,664
Pledges and underwriting receivable - Net (Note 4)	2,591,136	3,015,769
Program rights and other assets	940,303	658,723
Total current assets	4,932,467	5,007,997
Investments (Note 6)	53,743,335	52,895,021
Other Assets		
Long-term pledges receivable - Net (Note 4)	1,408,000	2,860,909
Beneficial interest in trust (Note 5)	911,271	843,514
Interest rate swap (Notes 5 and 9)	1,836,476	1,467,104
Federal Communications Commission licenses	327,124	327,124
Noncurrent program rights and other assets	49,755	66,308
Property and Equipment - Net (Note 7)	21,871,264	21,224,683
Right-of-use Operating Lease Assets (Note 12)	4,264,840	-
Finance Lease Assets (Note 12)	97,372	-
Total assets	\$ 89,441,904	\$ 84,692,660
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,363,441	\$ 3,000,525
Accrued vacation	566,930	649,822
Deferred revenue	608,255	794,612
Current portion of lease liabilities - Operating (Note 12)	100,530	-
Current portion of lease liabilities - Finance (Note 12)	65,365	-
Total current liabilities	3,704,521	4,444,959
Noncurrent Debt - Line of credit (Note 9)	7,100,000	8,150,000
Lease Liabilities - Operating (Note 12)	4,297,747	-
Lease Liabilities - Finance (Note 12)	33,387	-
Noncurrent Liabilities - Long-term accrued expenses	629,766	759,697
Total liabilities	15,765,421	13,354,656
Net Assets		
Without donor restrictions	35,656,499	32,724,332
With donor restrictions (Note 10)	38,019,984	38,613,672
Total net assets	73,676,483	71,338,004
Total liabilities and net assets	\$ 89,441,904	\$ 84,692,660

Window to the World Communications, Inc.

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Public Support						
Viewer and listener marketing	\$ 17,543,233	\$ 26,000	\$ 17,569,233	\$ 17,205,929	\$ -	\$ 17,205,929
TV and radio underwriting	3,142,320	1,670,000	4,812,320	3,340,468	6,210,000	9,550,468
Development and special events	8,312,019	410,495	8,722,514	8,295,252	-	8,295,252
Campaign pledges	-	-	-	-	1,376,086	1,376,086
Contributed nonfinancial assets	862,506	-	862,506	550,133	-	550,133
Federal CPB and state grants	3,272,004	-	3,272,004	3,730,925	-	3,730,925
Media sponsorships	2,654,121	-	2,654,121	2,518,922	-	2,518,922
National and local TV production contracts	236,500	-	236,500	228,332	-	228,332
Program licensing and facilities rental	1,395,504	-	1,395,504	1,480,487	-	1,480,487
Annual appropriation from endowments	1,359,854	340,146	1,700,000	1,577,203	222,797	1,800,000
FCC repack reimbursement revenue	121,379	-	121,379	1,055,023	-	1,055,023
Miscellaneous	287,547	-	287,547	507,241	-	507,241
Net assets released from restrictions	5,449,661	(5,449,661)	-	2,879,035	(2,879,035)	-
Total operating revenue and public support	44,636,648	(3,003,020)	41,633,628	43,368,950	4,929,848	48,298,798
Expenses						
Programming and production expenses:						
Develop, acquire, and deliver local content	26,099,424	-	26,099,424	24,548,579	-	24,548,579
National TV productions	232,417	-	232,417	202,073	-	202,073
Sales and syndication	2,464,047	-	2,464,047	2,663,347	-	2,663,347
Corporate communications	867,827	-	867,827	882,065	-	882,065
Shared services	1,027,717	-	1,027,717	1,258,319	-	1,258,319
Total programming and production expenses	30,691,432	-	30,691,432	29,554,383	-	29,554,383
Support services:						
Viewer and listener marketing	6,077,041	-	6,077,041	5,979,903	-	5,979,903
Development and special events	3,153,415	-	3,153,415	2,742,334	-	2,742,334
Business support	4,061,917	-	4,061,917	4,543,651	-	4,543,651
Total support services	13,292,373	-	13,292,373	13,265,888	-	13,265,888
Total expenses	43,983,805	-	43,983,805	42,820,271	-	42,820,271
Increase (Decrease) in Net Assets - Before nonoperating income (expenses)	652,843	(3,003,020)	(2,350,177)	548,679	4,929,848	5,478,527
Nonoperating Income (Expenses)						
Investment earnings (losses) - Net of expenses	3,269,806	2,749,478	6,019,284	(8,984,775)	(2,507,258)	(11,492,033)
Annual appropriation to operations	(1,359,854)	(340,146)	(1,700,000)	(1,577,203)	(222,797)	(1,800,000)
Severance expense	-	-	-	(187,328)	-	(187,328)
Other income	-	-	-	959,974	-	959,974
Gain on interest rate swap	369,372	-	369,372	1,368,591	-	1,368,591
Total nonoperating income (expenses)	2,279,324	2,409,332	4,688,656	(8,420,741)	(2,730,055)	(11,150,796)
Increase (Decrease) in Net Assets	2,932,167	(593,688)	2,338,479	(7,872,062)	2,199,793	(5,672,269)
Net Assets - Beginning of year	32,724,332	38,613,672	71,338,004	40,596,394	36,413,879	77,010,273
Net Assets - End of year	\$ 35,656,499	\$ 38,019,984	\$ 73,676,483	\$ 32,724,332	\$ 38,613,672	\$ 71,338,004

See notes to financial statements.

Window to the World Communications, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

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

Window to the World Communications, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Programming and Production	Fundraising	Business Support	Total
Salaries and benefits	\$ 14,230,077	\$ 3,521,623	\$ 2,646,916	\$ 20,398,616
PTV program acquisitions and dues	4,943,537	-	-	4,943,537
Member acquisitions and premiums	973	2,073,538	2,389	2,076,900
Outside services	3,545,178	736,169	948,236	5,229,583
Utilities	350,359	100,102	50,051	500,512
Postage and printing	3,688	1,824,060	1,881	1,829,629
Occupancy	742,820	13,013	98,926	854,759
Production and talent	1,832,852	39,649	20	1,872,521
Parts, supplies, and maintenance	1,269,515	88,301	384,595	1,742,411
Interest	607,084	62,346	31,173	700,603
Professional services	17,428	27,808	162,570	207,806
Travel and training	50,857	22,054	40,897	113,808
Insurance	171,941	49,126	24,563	245,630
Depreciation	1,788,074	164,448	151,434	2,103,956
Total functional expenses	\$ 29,554,383	\$ 8,722,237	\$ 4,543,651	\$ 42,820,271

Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 2,338,479	\$ (5,672,269)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation of property and equipment	2,111,994	2,103,956
Amortization of right-of-use assets	241,914	-
Bad debt expense	35,345	388,873
Net gain on interest rate swap	(369,372)	(1,368,591)
Gifts restricted for long-term purposes	-	(1,375,000)
Net realized and unrealized (gain) loss on investments	(6,331,402)	13,143,023
Change in beneficial interest in trust	(67,757)	174,829
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable - Net	68,231	(206,464)
Pledges receivable - Net	1,877,542	518,035
Program rights and other assets	(265,027)	147,682
Accounts payable and accrued expenses	(876,692)	(439,352)
Deferred revenue	(186,357)	140,693
Accrued vacation	(82,892)	(726,585)
Severance liability	-	(23,261)
Licenses	-	110,000
Lease liability	(87,259)	-
Net cash (used in) provided by operating activities	(1,593,253)	6,915,569
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,601,409)	(5,082,085)
Purchases of investments	(3,190,875)	(8,632,979)
Proceeds from sales of assets	-	314,295
Proceeds from sales and maturities of investments	8,673,963	5,346,511
Net cash provided by (used in) investing activities	2,881,679	(8,054,258)
Cash Flows from Financing Activities		
Payments on line of credit	(1,050,000)	(775,000)
Gifts restricted for long-term purposes	-	1,375,000
Payments on finance lease	(67,327)	-
Net cash (used in) provided by financing activities	(1,117,327)	600,000
Net Increase (Decrease) in Cash	171,099	(538,689)
Cash - Beginning of year	546,841	1,085,530
Cash - End of year	<u>\$ 717,940</u>	<u>\$ 546,841</u>
Supplemental Cash Flow Information - Cash paid for interest	\$ 462,475	\$ 169,626
Significant Noncash Transactions - Fixed-asset additions included in accounts payable	\$ 157,167	\$ 164,154

June 30, 2023 and 2022

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Use of Estimates

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

Cash

WWCI maintains its cash with PNC Bank and CIBC Bank that at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023 and 2022, WWCI had bank deposits of approximately \$123,000 and \$100,000, respectively, that were uninsured.

June 30, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value. For alternative investments, fair value is estimated as the net asset value per share provided by the investee as a practical expedient (as disclosed in Note 5). Investment earnings or losses (including realized gains and losses on investments, changes in unrealized gains and losses, interest, and dividends) on investments that are not restricted by donors are included in investment returns in the statement of activities and changes in net assets. Interest and dividend income are recorded on the accrual basis. Realized gains and losses are determined based on specific identification of securities sold.

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

Beneficial Interest in Trust

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

Property and Equipment

Under WWCI's capitalization policy, costs of acquiring property and equipment for purchases exceeding \$2,000 are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Leases

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

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

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

Contributions

Contributions received, including viewer marketing and TV and radio advertising, are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Note 2 - Significant Accounting Policies (Continued)

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

Contributions of Nonfinancial Assets

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

Federal and State Grants

Revenue from grants by the Corporation for Public Broadcasting (CPB) and the State of Illinois is recognized as grant revenue without donor restrictions as expenses are incurred on the underlying project.

Revenue Recognition

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

1. TV and radio advertising
2. Program licensing and facilities rental

Performance Obligations

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

TV and Radio Advertising

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

Program Licensing and Facilities Rental

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

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

In some situations, WWCI collects cash prior to the satisfaction of the performance obligation, which results in WWCI recognizing contract liabilities. Total contract liabilities were \$608,255 and \$794,612 as of June 30, 2023 and 2022, respectively. Total contract liabilities as of July 1, 2021 were \$653,919.

Accounts receivable consist of underwriting, advertising, and TV production contract receivables carried at original invoice amount. The valuation of accounts receivable is based upon management's estimate of the collectibility of such receivables. Management reviews trade accounts receivable on a consistent basis and follows up with those customers that are delinquent. Management records a specific reserve when the collectibility of a receivable balance is uncertain.

Note 2 - Significant Accounting Policies (Continued)

Total accounts receivable were \$683,088 and \$786,664 as of June 30, 2023 and 2022, respectively. Total accounts receivable as of July 1, 2021 were \$969,073.

Functional Allocation of Expenses

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

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Directly charged based on time tracked
Utilities	Proration based on direct expenditures
Occupancy	Proration based on direct expenditures
Interest expense	Proration based on direct expenditures
Depreciation	Direct expenditures
Outside services	Proration based on direct expenditures

Operations

Operating results in the statement of activities and changes in net assets reflect all day-to-day operating transactions, which increase or decrease net assets without restrictions, except those related to donor-imposed restrictions or nonrecurring transactions.

Income Taxes

WWCI received a determination letter from the Internal Revenue Service in December 1957 indicating it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision for income taxes was required for the fiscal years ended June 30, 2023 and 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 27, 2023, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including WWCI's accounts receivables, by requiring WWCI to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The new guidance will be effective for WWCI's year ending June 30, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method as of the beginning of the year of adoption.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2022, WWCI adopted FASB ASU No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. WWCI elected to adopt the ASU using the modified retrospective method as of July 1, 2022 and applied the following practical expedients:

- WWCI did not reassess if expired or existing contracts are or contain a lease.
- WWCI did not reassess the lease classification for expired or existing leases.
- WWCI did not reassess initial direct costs for any existing leases.

As a result of the adoption of the ASU, WWCI recorded a right-of-use asset of \$4,441,840, a lease liability of \$4,489,329, and a decrease in the deferred rent balance of \$47,489 as of July 1, 2022 for existing operating leases. Additionally, WWCI recorded both a right-of-use asset and lease liability of \$162,286 as of July 1, 2022 for existing finance leases. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Receivables

Receivables consist of the following as of June 30:

	2023	2022
Current:		
Trade - Net of allowance for doubtful accounts of \$100,000 and \$200,000 as of June 30, 2023 and 2022, respectively	\$ 681,669	\$ 785,636
Contracts and other receivables	1,419	1,028
Total current receivables - Net	<u>\$ 683,088</u>	<u>\$ 786,664</u>
Pledges:		
Underwriting	\$ 207,136	\$ 713,858
Noncampaign	2,184,000	1,995,000
Campaign	200,000	306,911
Total current pledges receivable - Net	<u>\$ 2,591,136</u>	<u>\$ 3,015,769</u>
Long-term pledges - Net of allowance for doubtful accounts of \$0 as of June 30, 2023 and 2022	<u>\$ 1,408,000</u>	<u>\$ 2,860,909</u>

WWCI used a rate of 0.00 percent and 3.00 percent to calculate the present value of long-term pledges receivable as of June 30, 2023 and 2022, respectively.

The future pledges receivable as of June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	\$ -	\$ 2,591,136	\$ 2,591,136
One to five years	-	1,408,000	1,408,000
Net	<u>\$ -</u>	<u>\$ 3,999,136</u>	<u>\$ 3,999,136</u>

Note 5 - Fair Value Measurements

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

Level 1

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

Level 2

Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3

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

Net Asset Value

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

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

The following tables set forth by level within the fair value hierarchy WWCI's financial assets that were accounted for at fair value on a recurring basis as of June 30, 2023 and 2022. WWCI's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

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

June 30, 2023 and 2022

Note 5 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2022					
	Fair Value as of June 30, 2022	Quoted Prices in			NAV per Share
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
U.S. equity funds - Large cap	\$ 14,472,287	\$ 11,941,172	\$ 2,531,115	\$ -	\$ -
Fixed-income securities	10,705,286	10,705,286	-	-	-
International equity funds	3,535,256	3,535,256	-	-	-
Exchange-traded funds	3,551,809	3,551,809	-	-	-
Alternative investments:					
Absolute return	5,999,719	-	-	-	5,999,719
International equity	6,605,787	-	-	-	6,605,787
Hedged equity	8,024,877	-	-	-	8,024,877
Other assets:					
Beneficial interest in trust	843,514	-	-	843,514	-
Interest rate swap	1,467,104	-	1,467,104	-	-
Total	\$ 55,205,639	\$ 29,733,523	\$ 3,998,219	\$ 843,514	\$ 20,630,383

The following table reconciles the June 30, 2023 and 2022 fair values to the related investments as shown on the statement of financial position:

	2023	2022
Fair values as of June 30	\$ 56,491,082	\$ 55,205,639
Less:		
Beneficial interest in trust	(911,271)	(843,514)
Interest rate swap	(1,836,476)	(1,467,104)
Total investments per statement of financial position	\$ 53,743,335	\$ 52,895,021

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

Level 1

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

Level 2

Estimated fair values for U.S. equity funds - Large cap were based on similar investments that are traded on the secondary market.

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

June 30, 2023 and 2022

Note 5 - Fair Value Measurements (Continued)

Level 3

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

The following table presents a reconciliation of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy as of June 30, 2023 and 2022:

	Beneficial Interest in Trust as of June 30, 2023	Beneficial Interest in Trust as of June 30, 2022
Beginning balance - June 30, 2022 and 2021	\$ 843,514	\$ 1,018,343
Total unrealized gains (losses) included in change in net assets	67,757	(174,829)
Ending balance - June 30, 2023 and 2022	<u>\$ 911,271</u>	<u>\$ 843,514</u>
Total gains (losses) for the period included in change in net assets attributable to the change in unrealized gains (losses) related to Level 3 assets still held as of June 30, 2023 and 2022	<u>\$ 67,757</u>	<u>\$ (174,829)</u>

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

Level 3 gains and losses (realized and unrealized) included in the change in net assets for the periods above are reported in investment earnings, net of expenses in the statement of activities and changes in net assets. Level 3 unrealized gains and losses included in the change in net assets that are still held as of June 30, 2023 for the periods above are reported in investment earnings, net of expenses in the statement of activities and changes in net assets.

The following table summarizes the fair value measurements of investments in other investment funds that calculate NAV per share (or its equivalent) as of June 30, 2023 and 2022. The investments below are valued at NAV, and there are no unfunded commitments as of June 30, 2023 and 2022.

	Fair Value as of June 30, 2023	Fair Value as of June 30, 2022	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Assets - Alternative investments:				
Absolute return (a)	\$ 464,921	\$ 717,253	Annually	45 - 95 days
Absolute return (a)	5,904,996	5,282,466	Quarterly	65 days
International equity (b)	3,008,296	2,723,601	Weekly	5 days
International equity (b)	3,823,641	3,882,186	Daily, Monthly	5 - 30 days
Hedged equity (c)	9,334,080	8,024,877	5-yr lockout	60 days
Total alternative investments	<u>\$ 22,535,934</u>	<u>\$ 20,630,383</u>		

(a) This category includes multistrategy, absolute return investments focused on probability-adjusted asset returns capturing the alpha in mispriced securities across conventional and alternative financial strategies. As of June 30, 2023 and 2022, all of the investments in this category have passed their initial lock-up periods.

(b) This category includes investments in Asia's and Latin America's emerging markets debt and equity securities. As of June 30, 2023 and 2022, all of the investments in this category have passed their initial lock-up periods.

June 30, 2023 and 2022

Note 5 - Fair Value Measurements (Continued)

(c) This category includes investments in hedge funds that invest in both long and short positions, primarily in global equities. Management of the hedge fund has the ability to shift investments from value to growth strategies, from mid to large capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in global markets. As of June 30, 2023 and 2022, all of the investments in this category have passed their initial lock-up periods.

Note 6 - Investments

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

	2023	
	Cost	Fair Value
U.S. equity funds	\$ 12,172,577	\$ 17,408,330
Fixed-income funds	5,624,099	5,546,701
International equity funds	3,305,670	4,078,889
Exchange-traded funds	3,968,339	4,173,481
Alternative investments:		
Absolute return	3,636,847	6,369,917
International equity	4,742,791	6,831,937
Hedged equity	5,455,382	9,334,080
Total alternative investments	13,835,020	22,535,934
Total long-term investments	\$ 38,905,705	\$ 53,743,335
	2022	
	Cost	Fair Value
U.S. equity funds	\$ 11,829,544	\$ 14,472,287
Fixed-income funds	11,294,134	10,705,286
International equity funds	3,251,749	3,535,256
Exchange-traded funds	3,968,339	3,551,809
Alternative investments:		
Absolute return	3,449,801	5,999,719
International equity	4,742,791	6,605,787
Hedged equity	5,455,382	8,024,877
Total alternative investments	13,647,974	20,630,383
Total long-term investments	\$ 43,991,740	\$ 52,895,021

June 30, 2023 and 2022

Note 7 - Property and Equipment

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

	2023	2022	Depreciable Life - Years
Technical equipment	\$ 39,137,305	\$ 37,647,174	3-5
Building and leasehold improvements	33,212,477	27,621,474	7-40
Furniture, fixtures, and other assets	9,664,799	9,298,578	2-10
Construction in progress	345,500	5,101,373	-
Total property and equipment	82,360,081	79,668,599	
Less accumulated depreciation and amortization	60,488,817	58,443,916	
Net property and equipment	<u>\$ 21,871,264</u>	<u>\$ 21,224,683</u>	

Depreciation expense for 2023 and 2022 was \$2,111,994 and \$2,103,956, respectively.

Note 8 - Income Taxes

WWCI's management believes it will have an unrelated business income net operating loss of approximately \$780,000 for tax purposes for the year ended June 30, 2023 and its unrelated business income net operating loss carryforward as of June 30, 2023 will be approximately \$9 million. WWCI does not expect to realize the benefit of the full net operating loss carryforward, and a valuation allowance has been recorded on the total amount. Any net operating loss carryforwards generated in fiscal years prior to fiscal year 2018 expire at various dates through 2038. Any net operating losses generated beginning in fiscal year 2019 and going forward can be carried forward indefinitely. As a result of previously accumulated unrelated business net operating losses, no provision for income taxes was required in the accompanying financial statements for the fiscal years ended June 30, 2023 or 2022.

Note 9 - Line of Credit and Related Swap Agreements

On June 5, 2020, WWCI entered into a long-term line of credit agreement with CIBC Bank (CIBC). The CIBC line of credit agreement is used to support working capital requirements and expenditures on long-term capital projects. This agreement permits borrowings of up to \$30,000,000. Outstanding borrowings bear interest at the current Secured Overnight Financing Rate (SOFR) (5.15 percent as of June 30, 2023) and London Interbank Offered Rate (LIBOR) (2.58 percent as of June 30, 2022) plus 1.5 percent. This agreement is collateralized primarily with the board-designated endowment and expires on June 5, 2027. There are minimum debt service coverage ratio and liquidity ratio covenants WWCI is required to meet according to the debt agreement. The loan is non-amortizing but has a provision that requires \$5 million of availability for 30 days during the fourth quarter of the fiscal year. As of June 30, 2023 and 2022, WWCI had \$7,100,000 and \$8,150,000, respectively, of borrowings under the CIBC line of credit.

Interest expense was \$514,175 and \$199,731 for the years ended June 30, 2023 and 2022, respectively.

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

June 30, 2023 and 2022

Note 9 - Line of Credit and Related Swap Agreements (Continued)

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

The change in fair value of these instruments is recorded as a movement in the statement of activities and changes in net assets. The increase in the fair value of the interest rate swaps for the fiscal years ended June 30, 2023 and 2022 was \$369,372 and \$1,368,591, respectively.

Note 10 - Net Assets with Donor Restrictions

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

	2023	2022
Time restriction - General	\$ 11,895,942	\$ 9,083,593
Purpose restriction:		
Campaign	8,407,347	8,579,445
Chicago Tonight internships	527,312	416,453
Midnight Special	186,234	123,840
Partner internships	8,011	(7,873)
Davee Digitalization	215,723	17,236
Programming	7,788,274	8,459,837
Endowment investments	8,991,141	8,941,141
Total purpose restriction	26,124,042	26,530,079
Time and purpose restriction - Capital	-	3,000,000
Net assets with donor restrictions	<u>\$ 38,019,984</u>	<u>\$ 38,613,672</u>

Campaign restrictions noted above are for WWCI's Imagining More campaign. The campaign has three distinct pillars. The three pillars of the Imagining More campaign are More Storytelling (programming on all WWCI platforms), More Possibility (technology, infrastructure, and endowment), and More Community (community engagement). Releases from funds with donor restrictions to funds without donor restrictions are outlined by pillar below:

	2023	2022
More Storytelling	\$ 172,098	\$ 68,900

Note 11 - Endowment

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

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

Note 11 - Endowment (Continued)

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

- The duration and preservation of the fund
- The purpose of the donor-restricted endowment funds
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of WWCI
- The investment policy of WWCI

WWCI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WWCI must hold in perpetuity or for a donor-specified period and board-designated funds. A total of 4 percent of the average fair value of the investments held by WWCI for the prior 12 quarters is available for operations. The board approved a 4 percent operating transfer totaling \$1,700,000 in 2023 and \$1,800,000 in 2022. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

WWCI expects its endowment funds to provide an absolute return measured over a three-year period of the greater of 8 percent or CPI plus 5 percent. This is consistent with WWCI's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. WWCI's investment objective is to increase purchasing power while reducing, to the greatest extent possible, the possibility of loss over a three-year cycle. A secondary objective is to have sufficient degree of flexibility in order to meet unanticipated demands and changing environments. Diversification of assets will ensure that adverse or unexpected results from one security or security class will not have a detrimental impact on the entire portfolio. Actual returns in any given year may vary from this amount.

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires WWCI to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2023 and 2022.

Notes to Financial Statements

June 30, 2023 and 2022

Note 11 - Endowment (Continued)

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

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 35,834,390	\$ -	\$ 35,834,390
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	8,991,141	8,991,141
Accumulated investment activity	-	8,917,805	8,917,805
Total donor-restricted endowment funds	-	17,908,946	17,908,946
Total	\$ 35,834,390	\$ 17,908,946	\$ 53,743,336

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 35,677,245	\$ 15,091,590	\$ 50,768,835
Investment return:			
Investment earnings	341,847	201,504	543,351
Net realized and unrealized appreciation	2,944,244	2,483,048	5,427,292
Total investment return	3,286,091	2,684,552	5,970,643
Contributions	-	381,457	381,457
Appropriation of endowment assets	(22,169)	(2,831)	(25,000)
Annual board appropriation of endowment funds to operations	(3,106,777)	(245,822)	(3,352,599)
Endowment net assets - End of year	\$ 35,834,390	\$ 17,908,946	\$ 53,743,336

Endowment net asset composition by type of fund as of June 30, 2022 is composed of the following:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 35,180,370	\$ -	\$ 35,180,370
Donor-restricted endowment funds:			
Unrestricted	496,875	-	496,875
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	8,941,141	8,941,141
Accumulated investment activity	-	6,150,449	6,150,449
Total donor-restricted endowment funds	496,875	15,091,590	15,588,465
Total	\$ 35,677,245	\$ 15,091,590	\$ 50,768,835

Note 11 - Endowment (Continued)

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 45,131,182	\$ 14,923,850	\$ 60,055,032
Investment return:			
Investment earnings	1,506,801	305,447	1,812,248
Net realized and unrealized depreciation	(10,045,210)	(2,797,964)	(12,843,174)
Total investment return	(8,538,409)	(2,492,517)	(11,030,926)
Contributions	596,247	3,306,700	3,902,947
Appropriation of endowment assets	(18,129)	(5,857)	(23,986)
Annual board appropriation of endowment funds to operations	(1,493,646)	(640,586)	(2,134,232)
Endowment net assets - End of year	<u>\$ 35,677,245</u>	<u>\$ 15,091,590</u>	<u>\$ 50,768,835</u>

Net assets without donor restrictions on the statement of financial position include board-designated endowment assets of \$34,834,390 and accumulated operating losses of approximately \$1,340,000 primarily related to accumulated depreciation expense as of June 30, 2023. Net assets without donor restrictions on the statement of financial position include board-designated endowment assets of \$35,677,245 and accumulated operating losses of approximately \$2,960,000 primarily related to accumulated depreciation expense as of June 30, 2022.

Note 12 - Leases

In 1964, WWCI entered into a lease for office space at 5400 N. St. Louis Ave. in Chicago, Illinois. The term of the lease is through December 31, 2061. The lease agreement contains escalating rent payments of 3 percent after every 12 months, with options for renegotiations every 10 years.

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

In 2014, WWCI entered into a lease for parking space at 5400 N. St. Louis Ave. in Chicago, Illinois. The term of the lease is from January 1, 2014 through December 31, 2023. The lease agreement contains escalating rent payments of 3 percent after every 12 months.

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

The right-of-use asset and related lease liability for operating leases have been calculated using discount rates ranging from 2.88 percent to 3.11 percent. Total operating rent expense under these leases was \$336,204 and \$218,724 for the years ended June 30, 2023 and 2022, respectively.

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

The right-of-use asset and related lease liability have been calculated using a 2.85 percent discount rate. Total finance lease expense was \$64,915 and \$67,327 for the years ended June 30, 2023 and 2022, respectively.

Note 12 - Leases (Continued)

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

Lease cost:	
Finance lease cost:	
Amortization of right-of-use assets	\$ 64,915
Interest on lease liabilities	3,793
Operating lease cost	<u>311,233</u>
Total lease cost	<u>\$ 376,148</u>
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 67,327
Operating cash flows from operating leases	225,286
Financing cash flows from finance leases	3,793
Weighted-average remaining lease term (years) - Finance leases	2
Weighted-average remaining lease term (years) - Operating leases	27.58
Weighted-average discount rate - Finance leases	2.9 %
Weighted-average discount rate - Operating leases	3.1 %

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

Years Ending June 30	Operating Leases	Finance Leases	Total Payments
2024	\$ 232,044	\$ 67,327	\$ 299,371
2025	239,006	33,664	272,670
2026	246,176	-	246,176
2027	240,053	-	240,053
2028	233,739	-	233,739
Thereafter	<u>5,997,315</u>	<u>-</u>	<u>5,997,315</u>
Total	7,188,333	100,991	7,289,324
Less amount representing interest	<u>2,790,056</u>	<u>2,239</u>	<u>2,792,295</u>
Present value of net minimum lease payments	4,398,277	98,752	4,497,029
Less current obligations	<u>100,530</u>	<u>65,365</u>	<u>165,895</u>
Long-term obligations under leases	<u>\$ 4,297,747</u>	<u>\$ 33,387</u>	<u>\$ 4,331,134</u>

Note 13 - Retirement Plan

All eligible employees are included in WWCI defined contribution retirement plan. Under this plan, eligible employees may voluntarily contribute up to 6.00 percent of their base compensation to the plan for the years ended June 30, 2023 and 2022. Such contributions are matched by WWCI up to 6.00 percent for all employees for the years ended June 30, 2023 and 2022. All contributions are used to purchase mutual funds and individual annuity contracts. The amounts contributed and charged to expense for the years ended June 30, 2023 and 2022 were \$562,875 and \$607,799, respectively.

Notes to Financial Statements

June 30, 2023 and 2022

Note 14 - Contributed Nonfinancial Assets

WWCI recorded the following contributed nonfinancial assets on the statement of activities and changes in net assets for the years ended June 30, 2023 and 2022 as follows:

	2023	2022
Rent	\$ 569,088	\$ 214,972
Vehicles	293,418	335,161
Total	<u>\$ 862,506</u>	<u>\$ 550,133</u>

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

Contributed rent is valued and reported at its estimated fair value in the financial statements based on market rental rates for similar real estate properties in the Chicago area.

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

Note 15 - Liquidity and Availability of Resources

The following table reflects WWCI's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the board-designated endowment fund that could be drawn upon if the governing board approves that action. However, amounts that are already appropriated from either the donor-restricted endowment or board-designated endowment for general expenditure within one year of June 30, 2023 and 2022 have not been subtracted as unavailable.

	2023	2022
Cash	\$ 717,940	\$ 546,841
Investments	53,743,335	52,895,021
Beneficial interest in trust	911,271	843,514
Accounts receivable - Net	683,088	786,664
Pledges and underwriting receivable - Net	<u>3,764,685</u>	<u>5,876,678</u>
Total financial assets	59,820,319	60,948,718
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with implied time restrictions - Pledges collectible in one to five years	1,408,000	2,860,909
Restricted by donors with time or purpose restrictions subject to appropriation and satisfaction of donor restrictions	7,317,554	6,148,584
Donor-restricted gift amounts required to be maintained in perpetuity by the donor	8,991,141	8,941,141
Investments held in third-party trusts	911,271	843,514
Board-designated endowment funds - Net of expected current year appropriations	<u>35,134,390</u>	<u>33,877,245</u>
Total restricted financial assets	<u>53,762,356</u>	<u>52,671,393</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,057,963</u>	<u>\$ 8,277,325</u>

June 30, 2023 and 2022

Note 15 - Liquidity and Availability of Resources (Continued)

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