



HOWARD UNIVERSITY TELEVISION

HOWARD UNIVERSITY TELEVISION WHUT-TV

**(an unincorporated operating segment of
The Howard University, Inc.)
Financial Statements
June 30, 2023 and 2022**

**With Independent Auditor's Report
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HOWARD UNIVERSITY TELEVISION WHUT-TV
(an unincorporated operating segment of
The Howard University, Inc.)
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Independent Auditor's Report

Board of Trustees of The Howard University, Inc.
Howard University Television WHUT-TV
Washington, DC

Opinion

We have audited the financial statements of Howard University Television WHUT-TV (an unincorporated operating segment of The Howard University, Inc.), (the Station), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, 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 the Station as of June 30, 2023 and 2022, and the results of its operations and its 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 Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other 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.

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 the Station's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit 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 an audit 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 an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Station'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 the Station'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

February 12, 2024

WHUT-TV (an unincorporated operating segment of The Howard University, Inc.)

Statements of Financial Position June 30,	2023	2022
Assets:		
Receivable from The Howard University, Inc.	\$ 5,476,818	\$ 4,867,718
Grants receivable	1,399,389	689,246
Other accounts receivable	29,580	21,608
Prepaid expenses	-	17,415
Investments	153,397	148,920
Operating right of use asset	2,022,598	2,301,575
Long-lived assets, net	693,909	861,567
Total Assets	9,775,691	8,908,049
Liabilities:		
Accounts payable and accrued expenses	47,519	132,539
Operating lease obligations	2,225,810	2,481,533
Deferred revenue	957,642	516,522
Total Liabilities	3,230,971	3,130,594
Net Assets:		
Without donor restrictions	6,391,323	5,628,535
With donor restrictions	153,397	148,920
Total Net Assets	6,544,720	5,777,455
Total Liabilities and Net Assets	\$ 9,775,691	\$ 8,908,049

WHUT-TV (an unincorporated operating segment of The Howard University, Inc.)

Statements of Activities For the Years Ended June 30,	2023	2022
Support and Revenue without Donor Restrictions:		
Support from The Howard University, Inc.:		
General appropriations	\$ 1,755,174	\$ 1,298,948
Indirect cost appropriations	1,708,842	1,377,701
Total Support from The Howard University, Inc.	3,464,016	2,676,649
Public Support and Other Income:		
Public broadcasting stations	12,970	-
Community service and interconnection grants from Corporation for Public Broadcasting	1,252,282	660,738
Other grants from Corporation for Public Broadcasting	1,943	730,558
Special events	164,907	202,065
Less: cost of direct benefits to donors	(65,711)	(86,604)
Gross profit on special events	99,196	115,461
Contributions of cash and other financial assets	1,081,474	1,008,735
Telecasting, production and other income	150,003	1,064,014
Endowment transfer	4,300	4,557
Total Public Support and Other Income	2,602,168	3,584,063
Total Support and Revenue without Donor Restrictions	6,066,184	6,260,712
Support and Revenue with Donor Restrictions:		
Investment income	8,777	8,000
Endowment transfer	(4,300)	(4,557)
Total Support and Revenue with Donor Restrictions	4,477	3,443
Total Support and Revenue with or without Donor Restrictions	6,070,661	6,264,155
Program and Supporting Services Expenses:		
Programming and production	1,199,276	1,063,070
Broadcasting	860,366	991,421
Management and general	2,887,387	2,433,381
Fundraising and membership	355,498	269,979
Education and outreach	869	-
Total Program and Supporting Services Expenses	5,303,396	4,757,851
Change in Net Assets	767,265	1,506,304
Without donor restrictions	762,788	1,502,861
With donor restrictions	4,477	3,443
Change in Net Assets	767,265	1,506,304
Net Assets, beginning of year	5,777,455	4,271,151
Net Assets, end of year	\$ 6,544,720	\$ 5,777,455

Statements of Functional Expenses For the Year Ended June 30, 2023								
	Program Services			Supporting Services				2023 Total
	Programming & Production	Broadcasting	Program Services Total	Management & General	Fundraising & Membership	Education & Outreach	Supporting Services Total	
Operating expenses:								
Compensation	\$ 457,570	\$ 325,906	\$ 783,476	\$ 348,472	\$ 83,785	\$ -	\$ 432,257	\$ 1,215,733
Office supplies	183,594	-	183,594	109,772	476	-	110,248	293,842
Marketing	-	-	-	2,795	-	869	3,664	3,664
Dues and subscriptions	486,377	-	486,377	15,074	-	-	15,074	501,451
License and permits	-	-	-	28,244	-	-	28,244	28,244
Professional fees	31,900	19,864	51,764	244,290	265,405	-	509,695	561,459
Outside services	31,459	130,000	161,459	23,612	-	-	23,612	185,071
Repairs and maintenance	6,728	-	6,728	-	-	-	-	6,728
Rent	-	384,596	384,596	147,956	-	-	147,956	532,552
Travel and meals	-	-	-	13,059	-	-	13,059	13,059
Miscellaneous	1,648	-	1,648	49,501	5,832	-	55,333	56,981
Depreciation and amortization	-	-	-	195,770	-	-	195,770	195,770
Administrative support from Howard University	-	-	-	1,708,842	-	-	1,708,842	1,708,842
Total operating expenses	\$ 1,199,276	\$ 860,366	\$ 2,059,642	\$ 2,887,387	\$ 355,498	\$ 869	\$ 3,243,754	\$ 5,303,396

Statements of Functional Expenses								
For the Year Ended June 30, 2022								
	Program Services			Supporting Services				2022 Total
	Programming & Production	Broadcasting	Program Services Total	Management & General	Fundraising & Membership	Education & Outreach	Supporting Services Total	
Operating expenses:								
Compensation	\$ 394,460	\$ 331,204	\$ 725,664	\$ 254,121	\$ 11,769	\$ -	\$ 265,890	\$ 991,554
Office supplies	13,645	-	13,645	182,986	4,472	-	187,458	201,103
Marketing	-	-	-	603	11,169	-	11,772	11,772
Dues and subscriptions	559,879	-	559,879	24,428	2,000	-	26,428	586,307
License and permits	38,481	-	38,481	28,707	-	-	28,707	67,188
Professional fees	49,867	232,078	281,945	239,066	240,569	-	479,635	761,580
Outside services	-	-	-	16,385	-	-	16,385	16,385
Repairs and maintenance	1,863	17,245	19,108	32,132	-	-	32,132	51,240
Rent	1,000	410,894	411,894	38,767	-	-	38,767	450,661
Travel and meals	-	-	-	636	-	-	636	636
Miscellaneous	3,875	-	3,875	33,550	-	-	33,550	37,425
Depreciation and amortization	-	-	-	204,299	-	-	204,299	204,299
Administrative support from Howard University	-	-	-	1,377,701	-	-	1,377,701	1,377,701
Total operating expenses	\$ 1,063,070	\$ 991,421	\$ 2,054,491	\$ 2,433,381	\$ 269,979	\$ -	\$ 2,703,360	\$ 4,757,851

WHUT-TV (an unincorporated operating segment of The Howard University, Inc.)

Statements of Cash Flows For the Years Ended June 30,	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 767,265	\$ 1,506,304
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	195,770	204,299
Realized gain on investments	(4,707)	(3,550)
Unrealized gain on investments	(4,070)	(4,450)
Increase in receivable from The Howard University, Inc.	(609,100)	(443,517)
Increase in grants receivable	(710,143)	(685,354)
Increase in other accounts receivable	(7,972)	(21,608)
Decrease in prepaid expenses	17,415	-
(Decrease)/Increase in accounts payable and accrued expenses	(85,020)	29,404
Change in operating right of use asset	278,977	263,467
Decrease in operating lease obligation	(255,723)	(224,463)
Increase (Decrease) in deferred revenue	441,120	(602,122)
Change in finance right of use assets and related lease obligation	-	(5,869)
Net Cash Provided by Operating Activities	23,812	12,541
Cash Flows from Investing Activities:		
Proceeds from investments	4,300	4,557
Purchase and renovations of long-lived assets	(38,425)	(20,584)
Retirement of long-lived assets	10,313	3,486
Net Cash Used in Investing Activities	(23,812)	(12,541)
Net Change in Cash	-	-
Cash at beginning of year	-	-
Cash at end of year	\$ -	\$ -

WHUT-TV (an unincorporated operating segment of The Howard University, Inc.)
Notes to Financial Statements
For Fiscal Years Ended June 30, 2023 and 2022

Note 1 **Organization**

WHUT-TV Channel 32 (the Station) is an unincorporated operating segment of The Howard University, Inc. (Howard) located in Washington, D.C. Howard is a private, nonprofit institution of higher education that also operates a hospital similarly located in Washington, D.C.

Commencing operations in 1980, the Station is the only public station owned and operated by a predominantly Historically Black College or University. The Station provides educational training to students of Howard as well as service to the residents of the DC metropolitan area and the country. Various direct and indirect support functions are provided by Howard, which are recorded in the accompanying financial statements as general and indirect cost appropriations from Howard.

Note 2 **Summary of Significant Accounting Policies**

(a) Basis of Presentation

The financial statements of the Station have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

(b) Net Asset Classifications

For purpose of financial reporting, the Station classifies resources into two classes of net assets based on the existence or absence of donor-imposed restrictions:

Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

With Donor Restrictions – Net assets with donor restrictions are subject to legal or donor-imposed stipulations that will be satisfied by the passage of time, fulfilled by actions of the Station pursuant to those stipulations, or both. These net assets include net assets subject to donor-imposed restrictions that are invested to provide perpetual sources of income to the Station (endowment funds). Donor-restricted endowment funds generally result from donor’s stipulation or by extension of donor restriction imposed through the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that limits Station’s use of an endowment fund. The original gifted amount, any additional gifts to that fund, and any resulting investment returns shall initially be classified as net assets with donor restrictions. Therefore, unless stated otherwise in the gift, the assets in donor-restricted endowment funds are donor-restricted assets until they are appropriated for expenditure by the Station’s governing body or law.

Contributions, including unconditional promises to give, are recognized as revenues in

WHUT-TV (an unincorporated operating segment of The Howard University, Inc.)
Notes to Financial Statements
For Fiscal Years Ended June 30, 2023 and 2022

the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions are reported in the appropriate category of revenue, except those contributions with donor-imposed restrictions met in the same fiscal year are included in revenues without donor restrictions. Satisfaction of restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated period has elapsed) are reported as releases from with donor restrictions net assets to without donor restrictions net assets. Donor restrictions on gifts to acquire long-lived assets are considered fulfilled in the period in which the assets are acquired or placed in service.

(c) Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. The Station's allowance for doubtful contributions receivable policy is based on various relevant factors including creditworthiness of the donors and past collection experience.

Grants revenue is recognized when earned and reimbursable expenses are incurred. These revenues include recoveries of eligible direct expenses and of indirect costs and fringe benefits, which are generally determined as a negotiated or agreed-upon percentage of direct costs, with certain exclusions.

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants to qualifying public telecommunications entities.

Community Service Grants are used to augment the financial resources of public broadcasting stations and to thereby enhance the quality of programming and expand the scope of public broadcasting services. Each grant must be expended within two years of the initial grant authorization. According to the Communications Act, funds may be used at the discretion of recipients. The Station uses these funds for purposes relating to programming and production, transmission and distribution, development and promotion, and administrative activities. Also, the grants may be used to sustain activities that began with the Community Service Grants awarded in prior years.

The grants are reported in the accompanying Statements of Activities as public support. At June 30, 2023 and 2022, the Station had received grant funds from CPB in advance, and the portion of such funds that have not yet been expended are reported as deferred revenue on the Statements of Financial Position. Given that the Station operates under multiple grants during the year, expenditures are also incurred for certain grants prior to the receipt of funding. Amounts due from the CPB related to these expenditures are included within the

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accompanying statements of financial position as grants receivable.

Special events revenue is derived from donation campaigns run by the Station where community members purchase primarily CD or DVD box sets and is directly offset by the direct costs incurred by the Station in purchasing the CD or DVD box sets. Revenues are recognized at the time of the sale.

Telecasting, production and other income consists primarily of production, underwriting, and hosting fees and are recognized when the services are provided.

(d) Grant Funds and Inter-Unit Receivables Due from Howard

Cash transactions are processed on behalf of the Station by Howard. The Station does not hold separate custody of cash and cash equivalents as the Station is an operating segment of Howard. Residual amounts due to the Station each fiscal year are recorded as a receivable from The Howard University, Inc. on the Statements of Financial Position.

(e) Investments

Investments represent endowment investments on the Statements of Financial Position, which are stated at fair value and defined in Note 7.

Such balances represent the Station's portion of Howard's pooled endowment investments held at June 30, 2023 and 2022. Such investments are spread across various types of marketable and non-marketable securities.

Fair values are determined by the most relevant available and observable valuation inputs. Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Level 2 inputs utilize data points that are observable, such as quoted prices for comparable assets, interest rates and yield curves. Level 3 inputs are based on data points consistent with applicable valuation methodologies for similar assets and could include situations where there is little, if any, market activity for the asset.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based upon average historical value (cost of securities are based upon average historical value at date of gift, if received by donation). Dividend and interest income are recorded on an accrual basis. Accrued but unpaid dividends, interest and proceeds from investment sales at June 30, 2023 and 2022 are included in investments on the Statements of Financial Position.

(f) Long-lived Assets

Long-lived assets include property, plant, and equipment for the Station. Long-lived assets are recorded at cost or at fair value if received by gift, less accumulated depreciation and

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Notes to Financial Statements
For Fiscal Years Ended June 30, 2023 and 2022

amortization, and are capitalizable when the unit cost is equal to or exceeds \$3,000 and has a useful life of more than one year.

Depreciation for all long-lived assets is computed using the straight-line method over the estimated useful lives of the assets. The useful lives for fiscal years reported are as follow:

Building and building improvements	5 - 40 years
Furniture and equipment	3 - 20 years
Software	3 - 10 years

(g) Income Tax Status

Howard (which includes the Station) is recognized as an organization exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax.

(h) Functional Allocation of Expenses

The costs of providing various program and activities has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, expenses that can be identified with a specific program are charged directly. Specific administrative support costs are directly allocated based on square footage, and those costs include general administration operations and services, such as maintenance and other indirect costs.

(i) Barter Agreements

The Station historically participated in barter agreements with vendors and records revenues and expenses based on the fair value of the goods or services received. There were no barter agreements in fiscal years 2023 and 2022, respectively.

(j) Estimates

The preparation of financial statements in conformity with accounting procedures generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant items subject to such estimates and assumptions include certain investments, the carrying value of property and equipment and the realization value of receivables.

(k) New Accounting Pronouncements

Periodically, the Financial Accounting Standards Board (FASB) issues updates to the Accounting Standards Codification (ASC) which impact the Station’s financial reporting and

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related disclosures. The following paragraphs summarize relevant updates. Unless otherwise noted, the Station is currently evaluating the impact that these updates will have on the Financial Statements.

In January 2020, the FASB issued Accounting Standards Update (ASU) 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. For non-public entities, ASU 2020-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. The new ASU clarifies that, when determining the accounting for certain forward contracts and purchased options a company should not consider, whether upon settlement or exercise, if the underlying securities would be accounted for under the equity method or fair value option. The Station is evaluating the impact ASU 2020-01.

Note 3 Long-lived assets

Long-lived assets, net, are summarized as follows as of June 30, 2023 and 2022:

Long-lived assets	2023	2022
Building and building improvements	\$ 4,806,730	\$ 4,806,730
Furniture and equipment	2,593,209	2,565,097
Software	53,477	53,477
Total long-lived assets	7,453,416	7,425,304
Less: accumulated depreciation	(6,759,507)	(6,563,737)
Long-lived assets, net	\$ 693,909	\$ 861,567

For the fiscal year ended June 30, 2023 there were \$38,425 in additions and \$10,313 in retirements.

For the fiscal year ended June 30, 2022 there were \$20,584 in additions and \$3,486 in retirements.

Depreciation expense for long-lived assets for the years ended June 30, 2023 and 2022 was \$195,770 and \$198,689, respectively.

During the year ended June 30, 2009, the Station completed its digital distribution conversion as required of the Federal Communications Commission (FCC). This project was funded by grants received from the Corporation for Public Broadcasting, matching funds from Howard, and the NTIA. Accordingly, the NTIA requested a 10-year priority reversionary interest in all equipment purchased with NTIA grant funds, up to the total of \$495,250. The lien was granted June 9, 2012 and extended through June 9, 2022.

Certain equipment acquired or improved under NTIA/WARN – Public Broadcasting Service Grant Award is designated as held in trust for the benefit of the NTIA WARN – Public

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Broadcasting Service Program. The Federal government retains an undivided equitable reversionary interest in the equipment for ten years from the date the items were placed into service. The equipment purchased under this program was acquired beginning in the year

ended June 30, 2016. The total acquisition cost of this equipment is \$229,574. The lien is present in place for pieces of the equipment ranging from December 2025 through August 2029.

Note 4 Leases

Lease Obligations

Howard measures its lease assets and lease liabilities using the discount rate implicit in the lease. If that rate is not available or readily determinable, Howard uses its incremental borrowing rate.

Operating Leases

For the years ended June 30, 2023 and 2022, the Station has a material operating lease for a master antenna. The related operating right of use asset balance as of June 30, 2023 and 2022 was \$2,022,598 and \$2,301,575, respectively.

Rental payments are recognized on a straight-line basis. Rent expense related to the master antenna for the fiscal years ended June 30, 2023 and 2022 was \$432,845, respectively.

At June 30, 2023, the minimum lease payments under the operating leases (with initial or remaining lease terms in excess of one year) for future years ending June 30:

Lease Obligations	Operating Leases
2024	\$ 425,976
2025	443,015
2026	460,736
2027	479,165
2028	498,332
Thereafter	384,849
Obligation, gross	2,692,073
Amounts representing 6.5% interest rate	(466,263)
Total operating lease obligations, net	\$ 2,225,810

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Certain supplemental quantitative information as required under ASC 842 is as follows for the fiscal years ended June 30:

Other information	2023	2022
Cash paid for amounts included in the measurements of lease liabilities:		
Operating cash flows	\$ 409,592	\$ 393,839
Financing cash flows	-	5,930
Right of use (ROU) assets obtained in exchange for lease liabilities:		
Operating leases	-	-
Weighted-average remaining lease term (in years)		
Operating leases	5.75	6.75
Weighted-average discount rate:		
Operating leases	6.50%	6.50%

Note 5 **Howard (Licensee) Support**

Howard provides support to the Station consisting of direct expenses such as payroll, and indirect costs such as, general institutional overhead, plant maintenance costs and other expenses.

For the years ended June 30, 2023 and 2022, the total support provided by Howard recorded in the accompanying statements of activities, was \$3,464,016 and \$2,676,649, respectively as general appropriations and indirect cost appropriations.

Note 6 **Endowment Fund**

The Station's endowment investments are included amongst Howard's 935 individual accounts established to serve a variety of purposes. Howard is subject to the District of Columbia Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA).

Interpretation of Relevant Law

Net Asset Classification - The Board of Trustees of Howard has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift, as of the gift dates of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Howard classifies as donor-restricted net assets in perpetuity:

1. The original value of gifts with permanent donor-restricted use restrictions.
2. The value of accumulations in accordance with the applicable donor gift instrument at the time the accumulation occurs.

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Any portion of the donor-restricted gift is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. For the years ended June 30, 2023 and 2022, the Station had one endowment fund whose earnings are available for general operations.

Spending - In accordance with UPMIFA, Howard considers the following factors in making a determination to spend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Howard and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of Howard
7. The investment policies of Howard

Management and Investment - In accordance with UPMIFA, Howard considers the following factors in making investments, as well as other management decisions regarding donor-restricted endowment funds:

1. General economic conditions
2. The possible effect of inflation and deflation
3. The expected tax consequences, if any
4. The role of an investment/action in context of the entire portfolio
5. The expected total income and appreciation
6. Other Howard resources
7. The needs to preserve capital and make distributions
8. An asset's special relationship or value to Howard's charitable purpose

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Notes to Financial Statements
For Fiscal Years Ended June 30, 2023 and 2022

The change in value and the composition of the amounts classified as the Station's endowment for the year ended June 30, 2023 are as follows:

Endowment Change in Value For Year Ended June 30, 2023	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 148,920	\$ 148,920
Investment return:		
Investment income	4,707	4,708
Net appreciation (realized and unrealized)	4,070	4,070
Total investment return	8,777	8,778
Appropriation of endowment assets for operations	(4,300)	(4,301)
Endowment net assets, end of year	\$ 153,397	\$ 153,397

The change in value and the composition of the amounts classified as the Station's endowment for the year ended June 30, 2022 are as follows:

Endowment Change in Value For Year Ended June 30, 2022	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 145,477	\$ 145,477
Investment return:		
Investment income	3,550	3,550
Net appreciation (realized and unrealized)	4,450	4,450
Total investment return	8,000	8,000
Appropriation of endowment assets for operations	(4,557)	(4,557)
Endowment net assets, end of year	\$ 148,920	\$ 148,920

On October 19, 2010, the Station received a contribution of donated stock with a fair value of \$104,565. In accordance with the terms of the contribution, the Station utilized the funds to establish an endowment. The balance of the fair value of the original contribution of \$104,565 is restricted in perpetuity and included in net assets with donor restrictions at June 30, 2023 and 2022. All remaining net assets with donor restrictions are restricted by purpose.

Note 7 Fair Value Measurements

Howard applies applicable accounting standards for fair value measurements, defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. These accounting standards establish a hierarchy which consists of three categories for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date as follows:

- Level 1 – quoted market prices for identical assets or liabilities in active markets.
- Level 2 – quoted market prices for similar assets or liabilities in active markets; quoted

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prices for identical or similar instruments in markets that are not active; or other than quoted prices in which all significant inputs and significant value drivers are observable in active markets either directly or indirectly.

- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are not observable.
- Measured at Net Asset Value (NAV) – investment in funds reported at NAV which is the proportional share of the fund’s underlying investment held by the fund less its liabilities.

The Station’s financial assets and liabilities are subject to fair value accounting and are as follows as of June 30, 2023 and 2022:

Fair Value as of June 30, 2023	Level 1	Level 2	Measured at NAV	Total
Endowment Investments				
Money Market Instrument (1)	\$ 728	\$ 7,177	\$ -	\$ 7,905
Commingled Funds (2)	-	-	14,098	14,098
Common Stock (2)	29,186	-	606	29,792
Fixed Income (3)	3,729	-	-	3,729
Hedge Funds (4)	-	-	12,323	12,323
Mutual Funds Investment (2)(3)	12,012	-	-	12,012
Limited Partnerships (4)	-	-	64,977	64,977
Real Estate (4)	-	-	8,561	8,561
Total endowment investments	\$ 45,655	\$ 7,177	\$ 100,565	\$ 153,397

Fair Value as of June 30, 2022	Level 1	Level 2	Measured at NAV	Total
Endowment Investments				
Money Market Instrument (1)	\$ -	\$ 15,010	\$ -	\$ 15,010
Commingled Funds (2)	-	-	8,629	8,629
Common Stock (2)	27,351	-	-	27,351
Fixed Income (3)	-	1	-	1
Hedge Funds (4)	-	-	14,278	14,278
Mutual Funds Investment (2)(3)	14,099	-	-	14,099
Limited Partnerships (4)	-	-	61,517	61,517
Real Estate (4)	-	-	8,035	8,035
Total endowment investments	\$ 41,450	\$ 15,011	\$ 92,459	\$ 148,920

The Station’s fair value of investments is based on the Station’s allocation of units within Howard’s investment pool.

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The following assumptions and estimates were used to determine fair value of each class of financial instruments listed above:

- (1) Money market instruments include investments in open ended mutual funds that invest in US treasury securities, US agency bonds, certificates of deposit and corporate bonds. Funds that are quoted daily in active markets are classified as Level 1. Funds that are not quoted daily with prices based on amortized cost are classified as Level 2.
- (2) Common stocks are largely valued based on the last sales price for identical securities traded on a primary exchange. These investments are classified as Level 1. Securities that trade infrequently, or that have comparable traded assets that trade in either active or inactive markets, are priced using available quotes and other market data that are observable as of the reporting date and are classified as Level 2.
- (3) For investments in government securities and corporate bonds, fair value is based first upon quoted market prices for those securities that can be classified as Level 1. For securities where an active market is not available, fair value is determined with reference to similar securities using market prices and broker quotes for similar instruments and are classified as Level 2.
- (4) Alternative investments include Howard's limited partnership interests, hedge funds, private equity and real estate and commodity funds. Trading in this class of funds is infrequent and, as a result, market values are not readily determinable. These investments are reported at the Net Asset Value (NAV), as provided by the fund managers. The NAV is used as a practical expedient to measure fair value but is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The fund managers use pricing models, appraisals, discounted cash flow models, and other valuation techniques to determine fair value of the underlying investments in each fund. Units held within common/collective trusts ("CCTs") are valued at the NAV. The NAV is used as a practical expedient to estimate fair value and is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Station believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date and different income (loss) being recognized during the period.

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Note 8 **Commitments and Contingencies**

Certain federally funded programs are routinely subject to special audits. Such audits could result in claims against the resources of WHUT-TV. Since WHUT-TV does not expect claims to arise as a result of such audits, no provision for liabilities has been provided for in the financial statements.

Note 9 **Subsequent Events**

Howard performed an evaluation of subsequent events through February 12, 2024, which is the date the financial statements were available to be issued, noting no additional events which affect the financial statements as of June 30, 2023.