

Consolidated Financial Statements
Together with Report of Independent
Certified Public Accountants

Sesame Workshop and Subsidiaries

For the years ended June 30, 2020 and 2019

Contents

Page

Report of Independent Certified Public Accountants	3
Consolidated Financial Statements:	
Consolidated Statements of Financial Position as of June 30, 2020 and 2019	5
Consolidated Statements of Activities for the years ended June 30, 2020 and 2019	6
Consolidated Statements of Cash Flows for the years ended June 30, 2020 and 2019	7
Notes to Consolidated Financial Statements	8

GRANT THORNTON LLP

757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Sesame Workshop and Subsidiaries:

Report on the financial statements

We have audited the accompanying consolidated financial statements of Sesame Workshop and Subsidiaries (collectively, the "Company"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sesame Workshop and Subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
October 21, 2020

Sesame Workshop and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2020 and 2019
(in thousands)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 53,546	\$ 19,102
Receivables:		
Programs, product licenses, and contracts in support of programs, less allowance for doubtful accounts of \$517 in 2020 and \$490 in 2019	29,588	22,013
Grants and contributions, net	23,991	19,981
Total receivables	53,579	41,994
Programs in process	35,576	61,918
Investments	260,158	237,762
Intangible assets, net	30,409	32,436
Property and equipment, net	19,676	18,082
Other assets, net	3,938	3,627
Total assets	\$ 456,882	\$ 414,921
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 45,169	\$ 45,290
Deferred revenues	38,021	41,166
Deferred rent payable	12,563	13,580
Total liabilities	95,753	100,036
NET ASSETS		
Net assets without donor restrictions	295,162	276,440
Net assets with donor restrictions	65,967	38,445
Total net assets	361,129	314,885
Total liabilities and net assets	\$ 456,882	\$ 414,921

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

Sesame Workshop and Subsidiaries

CONSOLIDATED STATEMENTS OF ACTIVITIES

**For the years ended June 30, 2020 and 2019
(in thousands)**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Program support	\$ 12,985	\$ 76,333	\$ 89,318	\$ 15,373	\$ 52,829	\$ 68,202
Distribution fees and royalties	122,210	-	122,210	67,457	-	67,457
Licensing	36,195	-	36,195	35,322	-	35,322
Investment return designated for operations	819	-	819	822	-	822
Net assets released from restrictions	48,811	(48,811)	-	39,504	(39,504)	-
Total operating revenues	<u>221,020</u>	<u>27,522</u>	<u>248,542</u>	<u>158,478</u>	<u>13,325</u>	<u>171,803</u>
EXPENSES						
Program expenses:						
Media and education	113,913	-	113,913	67,882	-	67,882
Global social impact	56,413	-	56,413	43,905	-	43,905
Creative	8,004	-	8,004	6,669	-	6,669
Strategy and research	5,069	-	5,069	4,016	-	4,016
Total program expenses	<u>183,399</u>	<u>-</u>	<u>183,399</u>	<u>122,472</u>	<u>-</u>	<u>122,472</u>
Support expenses:						
Fundraising	4,436	-	4,436	4,866	-	4,866
General and administrative	23,568	-	23,568	22,202	-	22,202
Total support expenses	<u>28,004</u>	<u>-</u>	<u>28,004</u>	<u>27,068</u>	<u>-</u>	<u>27,068</u>
Total operating expenses	<u>211,403</u>	<u>-</u>	<u>211,403</u>	<u>149,540</u>	<u>-</u>	<u>149,540</u>
Operating income	9,617	27,522	37,139	8,938	13,325	22,263
Investment return, net	<u>9,217</u>	<u>-</u>	<u>9,217</u>	<u>6,707</u>	<u>-</u>	<u>6,707</u>
Increase in net assets before provision for income taxes	18,834	27,522	46,356	15,645	13,325	28,970
Provision for income taxes	<u>112</u>	<u>-</u>	<u>112</u>	<u>155</u>	<u>-</u>	<u>155</u>
Increase in net assets	18,722	27,522	46,244	15,490	13,325	28,815
Net assets, beginning of year	<u>276,440</u>	<u>38,445</u>	<u>314,885</u>	<u>260,950</u>	<u>25,120</u>	<u>286,070</u>
Net assets, end of year	<u>\$ 295,162</u>	<u>\$ 65,967</u>	<u>\$ 361,129</u>	<u>\$ 276,440</u>	<u>\$ 38,445</u>	<u>\$ 314,885</u>

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

Sesame Workshop and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019
(in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 46,244	\$ 28,815
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	3,053	3,339
Amortization of intangible assets	2,027	2,028
Amortization of programs in process	75,103	28,609
Change in provision for uncollectible receivables	(27)	93
Investment return, net	(10,036)	(7,529)
Changes in operating assets and liabilities:		
Increase in gross receivables	(11,558)	(5,362)
Additions to programs in process	(48,761)	(71,066)
Increase in other assets	(311)	(669)
Increase in accounts payable and accrued expenses	1,054	12,168
(Decrease) increase in deferred revenues	(3,145)	14,302
Decrease in deferred rent payable	(1,017)	(1,017)
Net cash provided by operating activities	52,626	3,711
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(4,647)	(1,952)
Purchases of investments	(331,760)	(191,658)
Proceeds from sale of investments	319,400	188,358
Net cash used in investing activities	(17,007)	(5,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(1,175)	(1,213)
Net cash used in financing activities	(1,175)	(1,213)
Net increase (decrease) in cash and cash equivalents	34,444	(2,754)
Cash and cash equivalents, beginning of year	19,102	21,856
Cash and cash equivalents, end of year	\$ 53,546	\$ 19,102
Supplemental cash flow disclosures:		
Cash paid for income taxes	\$ 112	\$ 131
Cash paid for interest	\$ 42	\$ 75

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

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - ORGANIZATION AND MISSION

Sesame Workshop (the “Company”) is a nonprofit 501(c)(3) corporation whose mission is to help kids grow smarter, stronger and kinder. It achieves its mission by developing and distributing innovative and entertaining educational content for children. The Company organizes its activities into two operating units to most efficiently deliver on its mission. The Media and Education group distributes the Company’s educational content through mass media platforms, including television, streaming video, mobile, interactive, print and live entertainment, in the U.S. and around the world, with a focus on developed and developing markets. This group is responsible for creating and distributing *Sesame Street*, the Company’s flagship preschool series, which premiered in the United States in 1969 and is currently broadcasting its 50th season. This group’s primary sources of revenues are the sale and licensing of educational content and the licensing of the *Sesame Street* characters and brand, both domestically and internationally.

The second group, Global Social Impact & Philanthropy, focuses its efforts on un-served, underserved, and vulnerable communities in the U.S. and less developed markets. It creates and distributes content for specific target audiences, including creating and distributing local versions of *Sesame Street* that are developed in partnership with local experts, designed to address the educational needs of children in their own countries. It also creates needs-driven public services initiatives and outreach programs that provide age-appropriate materials and behavior change strategies around themes of access to early education, critical health lessons, and tools for vulnerable children. Projects address health and sanitation, parent engagement, traumatic childhood experiences, financial empowerment, military deployment, humanitarian response and school readiness. This group’s primary source of revenue is direct funding support for its educational programs and initiatives from foundations, corporations, government agencies, and individuals.

Overall, *Sesame Street* has been seen in over 150 countries, including 30 *Sesame Street* international co-productions. Taking advantage of all forms of media and using those that are best suited to delivering a particular curriculum, the Company effectively and efficiently reaches millions of children, parents, caregivers and educators.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Sesame Workshop’s wholly owned, not-for-profit subsidiaries include the following:

- Sesame Street, Inc.;
- Electric Company, Inc.;
- Galli Galli Sim Sim Educational Initiative (“GGSSEI”);
- The Joan Ganz Cooney Center for Educational Media and Research (“JGCC”); and
- Sesame Workshop International Inc. and Subsidiaries (“SWII”).

Sesame Workshop’s wholly owned, for-profit subsidiaries include the following:

- Sesame Workshop India Initiatives, PLC;
- Sesame Street Brand Management and Service (Shanghai) Co., Ltd;
- CTW Communications, Inc. (“CTW/C”);

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

- Sesame Street Season 51 Productions, Inc.; and
- Sesame Street Season 52 Productions, Inc.

These subsidiaries are consolidated in the Company's financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company's resources are classified and reported based upon the existence or absence of donor-imposed restrictions, as follows:

Without Donor Restrictions - net assets that are not subject to donor-imposed restrictions and, therefore, are available to meet the Company's objectives. Net assets without donor restrictions may also be designated by the Company's Board of Trustees (Note 8).

With Donor Restrictions - net assets that are subject to donor-imposed restrictions that either expire with the passage of time or, can be fulfilled and removed by the actions of the Company pursuant to those restrictions, or which may be perpetual (Note 8).

Measure of Operations

Operations include all revenues and expenses other than income and losses generated by the Company's investments and income taxes.

Cash and Cash Equivalents

Cash consists of cash on deposit with banks. Cash equivalents represent short-term investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents managed by the Company's investment managers as part of its long-term investment strategy are included in investments. Included in cash are contributions received from donors that are time and/or purpose restricted as of June 30, 2020 and June 30, 2019, respectively (Note 8). The Company maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. The Company's cash and cash equivalent accounts were placed with high credit quality financial institutions. The Company has not experienced, nor does it anticipate, any losses in such accounts.

Program Support

Program support revenues include contributions, both with and without donor restrictions, from individuals, corporations and foundations, corporate sponsorships, and grants and contracts from governments and government agencies to support the development, production and distribution of educational content. Contributions from individuals and foundations are recognized upon receipt of verifiable documentation of a promise to give. Corporate sponsorship revenue is recognized pro rata over the corresponding term of the agreement. Grants and awards received from governments or government agencies are recognized as the awards are expended. Included within program support revenue in the accompanying consolidated statements of activities was revenue from two foundations totaling \$25.7 million and \$32.8 million, respectively, for the year ended June 30, 2020 and \$25.1 million and \$17.4 million, respectively, for the year ended June 30, 2019.

During the year ended June 30, 2020, the Company adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and made, including guidance to help an entity evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether a contribution is conditional.

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

For contributions, revenue is recognized when a contribution becomes unconditional, that is, when the conditions on which they depend are substantially met. Grants are evaluated as to whether they qualify as exchange transactions or contributions. Grants that are treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement. The excess of amounts received in exchange transactions over the amount of expenditures incurred are classified as deferred revenues in the accompanying consolidated statements of financial position. If a contract or grant agreement contains a right of return or right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to be overcome, the Company recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome. Funds received in advance of conditions being met are reported as deferred revenues in the accompanying consolidated statements of financial position.

Distribution Fees and Royalties

Distribution fees and royalties are generated from the distribution and licensing of the Company's content across various media platforms including television, digital streaming, download to own, print and live entertainment.

Revenues from the sale or licensing of video content for broadcast or digital distribution are recognized when there is evidence of a sale or licensing arrangement, the program is complete and has been delivered or is available for delivery, the license period has begun and the arrangement fee is determinable and deemed collectible. Other distribution revenues are recognized as income as they are earned over the related license periods. Included within distribution fees and royalties in the accompanying consolidated statements of activities was revenue from two distribution partners totaling \$41.3 million and \$55.5 million, respectively, for the year ended June 30, 2020 and \$39.2 million and \$4.6 million, respectively, for the year ended June 30, 2019.

Licensing

The Company's share of revenues from the licensing of its characters and brands for use in consumer products including, toys, games, clothing and food, is recognized as income as it is earned over the related license periods. Included within licensing revenue in the accompanying consolidated statements of activities was \$9.8 million from one licensee of the Company for both years ended June 30, 2020 and 2019.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Topic 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets.

Investments

Investments are measured and reported at fair value. Changes in fair value are reported as investment return, net in the accompanying consolidated statements of activities.

The fair value of debt and equity securities with a readily determinable fair value is based on quotations obtained from national security exchanges. Alternative investments are carried at net asset value ("NAV") as provided by the investment managers or General Partners. The Company's management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining their estimated fair value.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Dividends are accrued based on the ex-dividend date. Interest is recognized as earned.

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

Programs in Process

Programs in process include costs that relate to programs that will broadcast in the next three fiscal years. These costs are amortized on an individual-production basis in the ratio that current year gross revenue bears to estimated future gross revenues. If the capitalized costs for an individual production are greater than the estimated future gross revenues, such costs are written down to net realizable value. Exploitation costs, related to new programs, are expensed as incurred.

Long-Lived Assets and Intangible Assets

Recoverability of long-lived assets and definite-lived intangible assets is assessed periodically and impairments, if any, are recognized in operating results if a permanent diminution in value were to occur when the carrying value of the asset exceeds its fair value, calculated using an undiscounted cash flow analysis. No impairment charges were incurred for the years ended June 30, 2020 and 2019, respectively.

Depreciation and Amortization

Property and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from three to ten years. Leasehold improvements are amortized over their useful lives or the

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

remaining term of the lease, whichever is shorter (Note 6). Intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from ten to twenty years (Note 3).

Taxes

The Company follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Company is exempt from income tax under Internal Revenue Code section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Company has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Company has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, the Company has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Contingencies

The Company may be involved in various legal actions from time to time arising in the normal course of business. In the opinion of management, there are no matters outstanding that would have a material adverse effect on the consolidated financial statements of the Company.

The Company receives a portion of its revenue from government grants, which are subject to audit by various federal and state agencies. The ultimate determination of amounts received under these grants generally is based upon allowable costs reported to and audited by the governments or their designees. The liabilities, if any, arising from such compliance audits cannot be determined at this time. In the opinion of management, adjustments resulting from such audits, if any, will not have a significant effect on the consolidated financial position, changes in net assets or cash flows of the Company.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Company’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on, licensing and distribution partners, consumers, donors, employees and vendors, all of which at present cannot be determined. Accordingly, the extent of which COVID-19 may impact the Company’s consolidated financial position and changes in net assets and cash flows in the future is uncertain.

Use of Estimates

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

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

New Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In June 2020, the FASB issued ASU 2020-05, which provided for a one-year deferral on the requirements of ASU 2014-09. The guidance permits the use of either a retrospective or cumulative effect transition method. The guidance is effective for the Company for fiscal year 2021. The Company is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Company for fiscal year 2022. Early adoption is permitted. The Company is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

Reclassifications

Certain reclassifications were made to the fiscal 2019 consolidated financial statements in order to conform to the fiscal 2020 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses, or changes in net assets, as reflected in the fiscal 2019 consolidated financial statements.

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 3 - INTANGIBLE ASSETS

The Company's intangible assets are being amortized over their estimated useful lives as follows (in thousands):

2020	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Balance
Sesame Street Music Rights	20 Years	\$ 2,900	\$ 725	\$ 2,175
Sesame Street Muppets Copyrights and Trademarks	20 Years	133,761	106,173	27,588
Sesame Street Muppets Transaction costs	20 Years	3,130	2,484	646
Sesame Street Muppets License fees	10 Years	1,000	1,000	-
		<u>\$ 140,791</u>	<u>\$ 110,382</u>	<u>\$ 30,409</u>

2019	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Balance
Sesame Street Music Rights	20 Years	\$ 2,900	\$ 580	\$ 2,320
Sesame Street Muppets Copyrights and Trademarks	20 Years	133,761	104,334	29,427
Sesame Street Muppets Transaction costs	20 Years	3,130	2,441	689
Sesame Street Muppets License fees	10 Years	1,000	1,000	-
		<u>\$ 140,791</u>	<u>\$ 108,355</u>	<u>\$ 32,436</u>

Amortization expense, totaling approximately \$2.0 million, has been recorded on these assets for each of the years ended June 30, 2020 and 2019, respectively.

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE

The Company recognizes all grants and contributions receivable at the present value of their estimated future cash flow, discounted using credit adjusted discount rates applicable to the years in which the promises were received and which articulate with the collection period of the respective receivable. Such discount rates ranged from 1.0% to 3.5% at June 30, 2020 and 2019, respectively.

Amounts related to productions and/or educational programs that are receivable in less than one year or within one to five years, at June 30, 2020 and 2019, were as follows (in thousands):

	2020	2019
Amounts expected to be collected:		
Within one year	\$ 15,471	\$ 11,307
Within two to five years	8,761	8,952
Total grants and contributions receivable	<u>24,232</u>	<u>20,259</u>
Present value discount	<u>(241)</u>	<u>(278)</u>
Grants and contributions receivable, net	<u>\$ 23,991</u>	<u>\$ 19,981</u>

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 5 - INVESTMENTS

The Company has established an investment objectives and guidelines policy, approved by the Board of Trustees. The policy states that the purpose of the Company's investment portfolio is to 1) provide support for operations in times of economic distress and 2) provide capital for mission related investments (internal or external). The investment policy is based on a highly diversified portfolio structured to be consistent with the Company's investment objectives and risk tolerance in a way that efficiently balances the tradeoff between return, risk and liquidity.

The following tables present the Company's fair value hierarchy for its investments, measured at fair value, as of June 30, 2020 and 2019 (in thousands):

2020	# of Funds	Fair Value		Total
		Level 1	Net Asset Value	
Fixed income (a)	2	\$ 5,492	\$ -	\$ 5,492
Global equities (b)	15	21,204	88,083	109,287
Absolute return (c)	2	-	26,573	26,573
Credit (d)	4	-	8,707	8,707
Hedged equities (e)	4	-	30,316	30,316
Multi-asset class (f)	1	-	19,477	19,477
Private debt (g)	6	-	18,204	18,204
Private equity (h)	3	-	1,944	1,944
Private equity real estate (i)	2	-	427	427
Inflation linked bonds (j)	1	7,540	-	7,540
Core property (k)	1	5,710	-	5,710
Venture capital (l)	4	-	13,731	13,731
Subtotal	<u>45</u>	<u>\$ 39,946</u>	<u>\$ 207,462</u>	<u>247,408</u>
Cash and cash equivalents				12,470
Other investments				<u>280</u>
Total investments				<u>\$ 260,158</u>

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

2019	# of Funds	Fair Value Net Asset Value	Total
Fixed income (a)	3	\$ 22,898	\$ 22,898
Domestic equities (b)	1	23,454	23,454
International equities (b)	2	45,309	45,309
Hedge funds (e)	3	51,977	51,977
Global balanced fund of funds (f)	1	23,413	23,413
Private equity (h)	2	5,585	5,585
Venture capital (l)	4	10,577	10,577
Opportunistic funds (m)	6	2,041	2,041
Subtotal	<u>22</u>	<u>\$ 185,254</u>	<u>185,254</u>
Cash and cash equivalents			52,008
Other investments			<u>500</u>
Total investments			<u>\$ 237,762</u>

The Company uses net asset value (“NAV”) to determine the fair value of all the underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following lists investments by major category:

- (a) This category offers contractual income yield and repayment of principal, typically with no limited credit risk.
- (b) This category includes investments in publicly listed shares across the globe including developed and emerging markets. This asset class includes sector and geographic specialists.
- (c) This category typically includes hedge fund strategies with low market exposure resulting in uncorrelated sources of return, driven largely by active manager skill. Managers in this asset class would generally have a broad geographic exposure to target the highest alpha potential across multiple asset classes including equities, interest rates, credit, currency, and commodities.
- (d) This category includes investment grade bonds, high yield bonds, bank loans, emerging market sovereign bonds, but also structured credit like residential and commercial mortgage-backed securities. Credit may also include more complex trades involving credit derivatives or illiquid strategies such as direct lending and mezzanine financing. This asset class offers contractual income yield and repayment of principal with the risk of loss due to credit risk.
- (e) This category includes a combination of long and short stocks, options, and ETFs in order to construct a reasonably diversified portfolio with an intentional exposure to market risk. The portfolio has a long bias, maintains a long-term business mindset in its analysis, and is intently focused on managing risk.
- (f) This category includes broadly diversified investments across asset classes.

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

- (g) This category includes investments in senior secured debt, secured mortgages, consumer debt, mezzanine/unsecured debt and structured credit. Returns are generated primarily from income yield but can include upside from equity warrants and upfront. The total amount of unfunded commitments pertaining to these investments totaled \$1.6 million as of June 30, 2020. The timing to draw down on these commitments ranged from 1 to 3 years at June 30, 2020.
- (h) This category typically includes funds that invest in privately held domestic and international corporations. The nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets of the fund. The total amount of unfunded commitments pertaining to these investments totaled \$5.2 million as of June 30, 2020. The timing to draw down on these commitments ranged from 1 to 3 years and one commitment from 4 to 5 years at June 30, 2020 and 2019.
- (i) This category includes investments in real estate (office, retail, industrial, residential) via either equity or debt and may include more opportunistic strategies such as development, redevelopment, and distressed strategies. Returns are generated through asset management, change of use, or development. The total amount of unfunded commitments pertaining to these investments totaled \$4.6 million as of June 30, 2020. The timing to draw down on one commitment ranged from 1 to 3 years and one commitment ranged to 4 years at June 30, 2020.
- (j) This category includes investments in government bonds where the principal is adjusted upward for inflation.
- (k) This category includes offices, retail, apartments, hotels, etc and offers income yields and the opportunity for long-term capital appreciation and inflation protection.
- (l) This category includes investments in funds who invest in mission-aligned, privately held early stage companies that are believed to have long-term growth potential. The nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets of the fund. The total amount of unfunded commitments pertaining to these investments totaled \$1.6 million and \$3.0 million for the years ended June 30, 2020 and 2019, respectively. The timing to draw down on these commitments are expected to occur over the next 5 years.
- (m) This category includes investments focusing on distressed debt and equity securities, as well as direct loans made to middle market companies. The nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets of the fund. The total amount of unfunded commitments pertaining to these investments totaled \$3.0 million as of June 30, 2019. The timing to draw down on these commitments ranged from 1 to 3 years at June 30, 2019.

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Investments valued at NAV or its equivalent as of June 30, 2020, consisted of the following (in thousands):

<u>Alternative Investment Strategy</u>	<u># of Funds</u>	<u>NAV in Funds</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Global equities	12	\$ 88,083	Two funds allow daily redemption, two funds allow daily redemption with a five-day notice, one fund allows redemption twice monthly with a three-day notice, one fund allows redemption twice monthly with a six-day notice, one fund allows monthly redemption with a 15-day notice, three funds allow quarterly redemptions with a 60-day notice, one fund allows quarterly redemption with a 30-day notice, one fund has a biannual redemption with a 123-day notice, and the last fund has annual redemption with a 90-day notice	Two funds have a one year lock and one fund has a rolling two-year lock.
Absolute return	2	26,573	Quarterly redemption terms with a 95-day notice period	None.
Credit	4	8,707	One fund allows quarterly redemption with a 60-day notice, one fund allows quarterly redemption with a 185-day notice, and one fund allows monthly redemption with a 5-day notice	One fund has a six-month lock and one fund has a one-year lock
Hedged equities	4	30,316	Funds can be redeemed quarterly, two with a 90-day notice, one with a 95-day notice, and one with a 60-day notice	Two funds have a two year lock and one fund has a 3-year lock
Multi-asset class	1	19,477	Quarterly	None.
Private debt	6	18,204	Bi-annual with a 100-day notice	Redemptions on December 31st of every odd year
Private equity real estate	2	427	Illiquid	None.
Private equity	3	1,944	Illiquid	None.
Venture capital	4	13,731	Investments are distributed when the underlying assets are sold	Investments are distributed when the underlying assets are sold
Total		<u>\$ 207,462</u>		

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Investments valued at NAV or its equivalent as of June 30, 2019, consisted of the following (in thousands):

<u>Alternative Investment Strategy</u>	<u># of Funds</u>	<u>NAV in Funds</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Fixed income	3	\$ 22,898	One fund monthly with 30 days notice, one fund monthly with 10 days notice one fund monthly with 15 days notice.	None.
Domestic equities	1	23,454	Monthly with 30 days notice.	None.
International equities	2	45,309	Monthly with 30 days notice.	None.
Hedge funds	3	51,977	One fund is quarterly with 90 days notice, two funds are daily and have been given redemption notices and are currently in liquidation.	None.
Global balanced fund of funds	1	23,413	Monthly with 30 days notice.	None.
Private equity	2	5,585	Investments are distributed when underlying assets are sold.	Investments are distributed when underlying assets are sold.
Opportunistic funds	6	2,041	Investments are distributed when underlying assets are sold.	Investments are distributed when underlying assets are sold.
Venture capital	4	<u>10,577</u>	Investments are distributed when underlying assets are sold.	Investments are distributed when underlying assets are sold.
Total		<u>\$ 185,254</u>		

NOTE 6 - OFFICE LEASE AND PROPERTY AND EQUIPMENT

The Company maintains a lease for its main office space through June 30, 2030. The lease terms included both landlord contributions toward the cost of construction, as well as, rent abatements. The Company recognizes rent expense on a straight-line basis over the lease term, inclusive of the rent abatements and landlord contributions.

Total future commitments under this lease at June 30, 2020 were as follows (in thousands):

2021	\$ 5,992
2022	5,992
2023	5,992
2024	6,258
2025	6,258
Thereafter	<u>31,822</u>
	<u>\$ 62,314</u>

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Rent expense totaled \$5.0 million for each of the years ended June 30, 2020 and 2019, respectively.

At June 30, 2020 and 2019, property and equipment consisted of (in thousands):

	<u>Useful Life In Years</u>	<u>2020</u>	<u>2019</u>
Technology and office equipment	3 - 4	\$ 8,513	\$ 7,358
Furniture and fixtures	4 - 10	5,062	4,834
	Remaining Life		
Leasehold improvements	of Lease	22,415	21,624
Assets not yet placed into service	N/A	<u>1,048</u>	<u>1,097</u>
		37,038	34,913
Less: accumulated depreciation and amortization		<u>(17,362)</u>	<u>(16,831)</u>
		<u>\$ 19,676</u>	<u>\$ 18,082</u>

Depreciation expense totaled approximately \$3.1 million and \$3.3 million for the years ended June 30, 2020 and 2019, respectively. During the years ended June 30, 2020 and 2019, \$1.8 million and \$1.1 million, respectively, of fully depreciated assets were written off by the Company since they were no longer in service.

NOTE 7 - CAPITAL LEASE OBLIGATION

The Company maintains several capital leases for technology and office equipment. The following is a schedule of annual future minimum lease payments (in thousands) due under the Company's capital lease obligations, together with the present value of the net minimum lease payments:

Year Ending June 30:

2021	\$ 983
2022	829
2023	652
2024	472
2025	<u>166</u>
Total minimum lease payments	3,102
Less: amount representing interest	<u>(117)</u>
Present value of minimum lease payments	<u>\$ 2,985</u>

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 8 - NET ASSETS

Net assets with donor restrictions which were time and/or purpose restricted as of June 30, 2020 and 2019, were as follows (in thousands):

	Net Assets With Donor Restrictions as of June 30, 2019	Contributions to Net Assets With Donor Restrictions in Fiscal 2020	Net Assets Released From Restrictions in Fiscal 2020	Net Assets With Donor Restrictions as of June 30, 2020
Domestic:				
Autism	\$ 881	\$ 529	\$ (300)	\$ 1,110
Military Families	604	-	(604)	-
Sesame Street in Communities	<u>5,318</u>	<u>15,397</u>	<u>(7,992)</u>	<u>12,723</u>
	<u>6,803</u>	<u>15,926</u>	<u>(8,896)</u>	<u>13,833</u>
International:				
Financial Empowerment	2,279	-	(1,376)	903
Production, Distribution, and Outreach	12,924	2,139	(3,615)	11,448
Humanitarian Response	15,265	56,641	(33,694)	38,212
Hygiene and Sanitation	914	1,627	(970)	1,571
	<u>31,382</u>	<u>60,407</u>	<u>(39,655)</u>	<u>52,134</u>
Joan Ganz Cooney Center:				
Research and dissemination	260	-	(260)	-
	<u>260</u>	<u>-</u>	<u>(260)</u>	<u>-</u>
Total	<u>\$ 38,445</u>	<u>\$ 76,333</u>	<u>\$ (48,811)</u>	<u>\$ 65,967</u>

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Net assets with donor restrictions which were time and/or purpose restricted as of June 30, 2019 and 2018 were as follows (in thousands):

	Net Assets With Donor Restrictions as of June 30, 2018	Contributions to Net Assets With Donor Restrictions in Fiscal 2019	Net Assets Released From Restrictions in Fiscal 2019	Net Assets With Donor Restrictions as of June 30, 2019
Domestic:				
Autism	\$ 1,286	\$ 131	\$ (536)	\$ 881
Military Families	8	1,250	(654)	604
Sesame Street in Communities	10,570	3,500	(8,752)	5,318
	<u>11,864</u>	<u>4,881</u>	<u>(9,942)</u>	<u>6,803</u>
International:				
Financial Empowerment	1,108	3,400	(2,229)	2,279
Production, Distribution, and Outreach	7,012	10,925	(5,013)	12,924
Humanitarian Response	3,289	32,778	(20,802)	15,265
Hygiene and Sanitation	1,330	595	(1,011)	914
	<u>12,739</u>	<u>47,698</u>	<u>(29,055)</u>	<u>31,382</u>
Joan Ganz Cooney Center:				
Research and dissemination	517	250	(507)	260
	<u>517</u>	<u>250</u>	<u>(507)</u>	<u>260</u>
Total	<u>\$ 25,120</u>	<u>\$ 52,829</u>	<u>\$ (39,504)</u>	<u>\$ 38,445</u>

During the year ended June 30, 2019, the Board of Trustees of the JGCC authorized the creation of a quasi-endowment representing its total investment portfolio balance, which included a designated a spending policy equal to 3.5% of its prior year ending investment balance. The amount included as a board-designated quasi-endowment totaled \$23.6 million and \$23.4 million for the years ended at June 30, 2020 and 2019, respectively.

NOTE 9 - RETIREMENT PLAN

Sesame Workshop sponsors a 401(k) defined contribution plan (the "Plan"). Substantially all full-time employees of the Company are covered under the Plan, and the Company matches a portion of employee contributions, which vest immediately. The Company's contributions to the Plan totaled \$3.4 million and \$3.2 million for the years ended June 30, 2020 and 2019, respectively.

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 10 - PROGRAMS IN PROCESS

Programs in process are stated at the lower of unamortized cost or estimated fair value on an individual-production basis. Revenue forecasts are continually reviewed by management and revised when warranted by changing conditions. When estimates of total revenues indicate that a production has a fair value that is less than its unamortized cost, a loss is recognized for the amount by which the unamortized cost exceeds the production's fair value. For the year ended June 30, 2020, the Company noted no losses. For the year ended June 30, 2019, the Company recognized losses totaling \$0.3 million. For the years ended June 30, 2020 and 2019, exploitation costs of \$2.7 million and \$3.0 million, respectively, were expensed as incurred.

Programs in process, net of amortization, as of June 30, 2020 and 2019, were as follows (in thousands):

	<u>June 30, 2019</u>	<u>Prior Year Productions Released</u>	<u>Fiscal 2020 Additions</u>	<u>Fiscal 2020 Amortization</u>	<u>June 30, 2020</u>
Television productions:					
Released	\$ 2,044	\$ 74,054	\$ 34,581	\$ (75,103)	\$ 35,576
In production	59,874	(74,054)	14,180	-	-
	<u>\$ 61,918</u>	<u>\$ -</u>	<u>\$ 48,761</u>	<u>\$ (75,103)</u>	<u>\$ 35,576</u>

	<u>June 30, 2018</u>	<u>Prior Year Productions Released</u>	<u>Fiscal 2019 Additions</u>	<u>Fiscal 2019 Amortization</u>	<u>June 30, 2019</u>
Television productions:					
Released	\$ 5,660	\$ 12,499	\$ 7,048	\$ (23,163)	\$ 2,044
In production	13,801	(12,499)	64,018	(5,446)	59,874
	<u>\$ 19,461</u>	<u>\$ -</u>	<u>\$ 71,066</u>	<u>\$ (28,609)</u>	<u>\$ 61,918</u>

As of June 30, 2020, the Company estimated that approximately 77% of unamortized production costs from released productions are expected to be amortized in fiscal 2021 and 100% of unamortized production costs from released productions are expected to be amortized within the next three years.

As of June 30, 2019, the Company estimated that approximately 88% of unamortized production costs from released productions are expected to be amortized in fiscal 2020 and 95% of unamortized production costs from released productions are expected to be amortized within the next three years.

NOTE 11 - REVOLVING CREDIT AGREEMENT

On December 11, 2015, the Company entered into a two-year, \$10.0 million revolving line of credit agreement with JPMorgan Chase Bank. The line was initially extended for an additional two years in December of 2017 and then further extended for an additional two years in December of 2019. The size of the line was increased to \$15.0 million when it was extended in December 2019. Borrowings under the agreement will bear interest at the prevailing LIBOR Rate plus 0.95%. There were no outstanding borrowings under the agreement as of June 30, 2020 and 2019, respectively.

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Company regularly monitors the availability of resources required to meet its operating needs and manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that general expenditures can be covered in the event that current revenues are not sufficient to fund these expenditures.

The Company anticipates generating annual operating surpluses, with revenues sufficient to cover general expenditures not covered by donor-restricted resources. The Company also has various sources of liquidity, including cash, short-term receivables and a line of credit.

In addition to its current liquid assets, the Company also maintains an operating reserve. The operating reserve provides a financial backstop for the Company to fund current operations, if needed, in a time of economic distress or uncertainty. As such, a significant portion of these reserves are invested in highly liquid investment vehicles. In addition, these reserves provide capital for mission-related investments or to expand the Company's programmatic activities.

The following table represents financial assets available within one year for general expenditure at June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 53,546	\$ 19,102
Receivables	53,579	41,994
Available line of credit	15,000	10,000
Investments	260,158	237,762
	382,283	308,858
 Less:		
Investments not redeemable within one year	34,586	18,703
Net assets with donor restrictions	65,967	38,445
Board Designations:		
Operating reserve	202,020	195,646
Quasi-endowment fund of the JGCC	23,552	23,413
Total amounts unavailable due to restrictions and designations	326,125	276,207
Total financial assets available for general expenditure within one year	\$ 56,158	\$ 32,651

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 13 - NATURAL CLASSIFICATION OF EXPENSES

Expenses attributable to more than one program or supporting service are allocated based on relevant drivers including square footage, salaries, employee headcount, or time spent.

	2020						Total Operating Expenses
	Media and Education	Global Social Impact	Creative	Strategy and Research	Fundraising	General and Administrative	
People costs	15,071	13,361	10,882	2,765	2,307	12,963	57,349
Benefits	3,774	2,493	2,376	812	680	3,547	13,682
Guild payments	2,231	414	5,584	-	2	67	8,298
Travel expenses	912	981	219	70	88	207	2,477
Outside services	9,339	34,466	30,404	764	191	2,478	77,642
Advertising and promotion	380	338	22	2	443	31	1,216
Bad debt expense	463	-	-	-	-	-	463
Materials and supplies	421	173	148	4	16	78	840
Technology and office equipment	800	511	748	114	116	333	2,622
Participations and commissions	1,973	1	162	-	-	-	2,136
Office costs	517	1,139	172	20	97	954	2,899
Occupancy expenses	2,493	1,590	3,739	370	345	1,869	10,406
Miscellaneous expenses	58	8	2	-	11	192	271
Depreciation and amortization	2,390	938	615	148	140	849	5,080
Amounts capitalized as programs in process, net of amortization	73,091	-	(47,069)	-	-	-	26,022
Total operating expenses	<u>\$ 113,913</u>	<u>\$ 56,413</u>	<u>\$ 8,004</u>	<u>\$ 5,069</u>	<u>\$ 4,436</u>	<u>\$ 23,568</u>	<u>\$ 211,403</u>

	2019						Total Operating Expenses
	Media and Education	Global Social Impact	Creative	Strategy and Research	Fundraising	General and Administrative	
People costs	14,738	11,120	11,170	2,062	2,217	12,107	53,414
Benefits	3,427	1,736	2,165	678	582	3,121	11,709
Guild payments	1,830	439	6,630	-	8	26	8,933
Travel expenses	1,234	1,630	404	146	165	235	3,814
Outside services	10,418	24,407	50,480	447	741	2,252	88,745
Advertising and promotion	560	267	30	8	111	17	993
Bad debt expense (recovery)	116	-	-	-	(20)	-	96
Materials and supplies	673	77	397	6	7	66	1,226
Technology and office equipment	737	466	861	105	106	321	2,596
Participations and commissions	1,490	-	182	-	-	2	1,674
Office costs	732	1,331	353	20	470	994	3,900
Occupancy expenses	2,363	1,399	2,995	371	324	1,810	9,262
Miscellaneous expenses	46	26	-	-	2	289	363
Depreciation and amortization	2,456	1,007	616	173	153	962	5,367
Amounts capitalized as programs in process, net of amortization	27,062	-	(69,614)	-	-	-	(42,552)
Total operating expenses	<u>\$ 67,882</u>	<u>\$ 43,905</u>	<u>\$ 6,669</u>	<u>\$ 4,016</u>	<u>\$ 4,866</u>	<u>\$ 22,202</u>	<u>\$ 149,540</u>

Sesame Workshop and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 14 - SUBSEQUENT EVENTS

The Company evaluated its June 30, 2020 consolidated financial statements for subsequent events through October 21, 2020, the date the consolidated financial statements were available to be issued. The Company is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.