WESTERN NORTH CAROLINA PUBLIC RADIO, INC. D/B/A BLUE RIDGE PUBLIC RADIO

Asheville, North Carolina

Financial Statements

Years Ended September 30, 2024 and 2023

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

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D/B/A BLUE RIDGE PUBLIC RADIO

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Western North Carolina Public Radio, Inc.
d/b/a Blue Ridge Public Radio

Opinion

We have audited the accompanying financial statements of Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio as of September 30, 2024 and 2023, and the changes in its net assets 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio 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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio'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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio'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.

Carter, P.C.

Asheville, North Carolina
June 30, 2025

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and equivalents	$ 460,607	$ 923,044
Accounts receivable	164,685	138,193
Allowance for credit losses	(5,000)	(5,000)
Promises to give		32,935
Other receivables	6,407	
Prepaid expenses	25,877	55,080
Total current assets	652,576	1,144,252
Investments	1,720	
Property and equipment	874,205	896,836
Operating lease right-of-use assets	552,340	141,548
Intangible assets, net	185,624	186,302
Beneficial interest in endowment funds	1,106,593	1,053,035
Total assets	$ 3,373,058	$ 3,421,973
Liabilities and net assets		
Current maturities of operating lease liabilities	$ 75,432	$ 89,548
Accounts payable	103,889	160,565
Accrued expenses	139,412	143,076
Deferred revenue	44,357	44,412
Total current liabilities	363,090	437,601
Operating lease liabilities, net of current maturities	502,667	44,592
Total liabilities	865,757	482,193
Net assets:		
Without donor restrictions	2,507,301	2,831,845
With donor restrictions		107,935
Total net assets	2,507,301	2,939,780
Total liabilities and net assets	$ 3,373,058	$ 3,421,973

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Activities
Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Listener and other support	$ 1,740,175	$	$ 1,740,175
Business sponsorships	998,103		998,103
Grants	321,033		321,033
Special events	161,250		161,250
Rental income	71,685		71,685
In-kind contributions	71,098		71,098
Investment income, net	43,292		43,292
Other income	641		641
Net assets released from restrictions	107,935	(107,935)	
Total revenues and other support	3,515,212	(107,935)	3,407,277
Expenses			
Program services	2,131,643		2,131,643
Supporting services	1,745,974		1,745,974
Total expenses	3,877,617		3,877,617
Decrease in net assets before other gains (losses)	(362,504)	(107,935)	(470,340)
Other gains (losses)			
Loss on disposal of property and equipment	(567)		(567)
Net gains on investments	100		100
Net gains on beneficial interest in endowment funds	38,328		38,328
Total other gains	37,861		37,861
Decrease in net assets	(324,544)	(107,935)	(432,479)
Net assets at beginning of year	2,831,845	107,935	2,939,780
Net assets at end of year	$ 2,507,301	$	$ 2,507,301

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Listener and other support	$ 1,470,682	$ 107,935	$ 1,578,617
Business sponsorships	1,004,379		1,004,379
Grants	312,342		312,342
Special events	178,674		178,674
Rental income	39,027		39,027
In-kind contributions	54,638		54,638
Investment income, net	20,413		20,413
Other income	27,373		27,373
Net assets released from restrictions	16,191	(16,191)	
Total revenues and other support	3,123,719	91,744	3,215,463
Expenses			
Program services	1,726,688		1,726,688
Supporting services	1,658,066		1,658,066
Total expenses	3,384,754		3,384,754
Increase (decrease) in net assets before other gains	(261,035)	91,744	(169,291)
Other gains			
Net gains on investments	119		119
Net gains on beneficial interest in endowment funds	18,629		18,629
Total other gains	18,748		18,748
Increase (decrease) in net assets	(242,287)	91,744	(150,543)
Net assets at beginning of year	3,074,132	16,191	3,090,323
Net assets at end of year	$ 2,831,845	$ 107,935	$ 2,939,780

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Functional Expenses
Year Ended September 30, 2024

		Supporting Services			
	Program Services	General and Administration	Fundraising	Total Supporting	Total
Salaries	$ 837,141	$ 248,920	$ 408,370	$ 657,290	$ 1,494,431
Employee benefits	110,576	23,509	47,232	70,741	181,317
Payroll taxes	62,821	17,206	30,955	48,161	110,982
Total salaries and related expenses	1,010,538	289,635	486,557	776,192	1,786,730
Programming fees	568,034				568,034
Professional fees	129,767	266,595	132,639	399,234	529,001
Occupancy	49,289	140,102		140,102	189,391
Utilities	43,015	2,680		2,680	45,695
Travel	26,644	2,374	7,219	9,593	36,237
Insurance	11,037	28,380		28,380	39,417
Supplies and equipment	7,110	7,040	331	7,371	14,481
Software and technology	37,785		17,983	17,983	55,768
Promotion and outreach	5,205	1,365	116,469	117,834	123,039
Recruiting	7,019	384	18,976	19,360	26,379
Training and education	8,683		7,584	7,584	16,267
Banking fees		914	50,154	51,068	51,068
Parking	4,650	1,365	2,428	3,793	8,443
Communications	50,116		19,452	19,452	69,568
Repairs and maintenance	24,348	1,375		1,375	25,723
Memberships and dues	16,096	2,188	10,500	12,688	28,784
Advertising	63,091				63,091
Special events	4,958		48,657	48,657	53,615
Postage and shipping	575	2,758	21,555	24,313	24,888
Hospitality	10,255	6,249	28,901	35,150	45,405
Miscellaneous		500	58	558	558
Total expenses before depreciation and amortization	2,078,215	753,904	969,463	1,723,367	3,801,582
Depreciation	52,750	7,536	15,071	22,607	75,357
Amortization	678				678
Total expenses	$ 2,131,643	$ 761,440	$ 984,534	$ 1,745,974	$ 3,877,617

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services	Supporting Services: General and Administration	Supporting Services: Fundraising	Supporting Services: Total Supporting	Total
Salaries	$ 605,190	$ 237,976	$ 588,265	$ 826,241	$ 1,431,431
Employee benefits	83,979	18,833	69,633	88,466	172,445
Payroll taxes	47,043	16,350	40,333	56,683	103,726
Total salaries and related expenses	736,212	273,159	698,231	971,390	1,707,602
Contract labor	11,225				11,225
Programming fees	548,691				548,691
Professional fees	38,999	164,144	52,514	216,658	255,657
Occupancy	46,783	139,259		139,259	186,042
Utilities	60,278	1,468		1,468	61,746
Travel	6,956	3,169	4,183	7,352	14,308
Insurance		20,591		20,591	20,591
Supplies and equipment	45,968	11,839	2,704	14,543	60,511
Software and technology	52,560	2,027	18,588	20,615	73,175
Promotion and outreach		1,323	52,990	54,313	54,313
Recruiting	9,890	2,298		2,298	12,188
Training and education	316	6,500	10,019	16,519	16,835
Banking fees		1,379	59,521	60,900	60,900
Parking	5,893	1,287	3,217	4,504	10,397
Communications	17,117		6,153	6,153	23,270
Repairs and maintenance	11,171	1,500		1,500	12,671
Memberships and dues	7,700	1,620	13,565	15,185	22,885
Advertising	53,318				53,318
Special events	100		41,977	41,977	42,077
Postage and shipping	299	1,122	17,727	18,849	19,148
Hospitality	1,388	8,341	5,213	13,554	14,942
Total expenses before depreciation and amortization	1,654,864	641,026	986,602	1,627,628	3,282,492
Depreciation	71,146	10,146	20,292	30,438	101,584
Amortization	678				678
Total expenses	$ 1,726,688	$ 651,172	$ 1,006,894	$ 1,658,066	$ 3,384,754

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Decrease in net assets	$ (432,479)	$ (150,543)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	75,357	101,584
Amortization	678	678
Loss on disposal of property and equipment	567	
Receipt of donated stock	(146,567)	(39,233)
Net gains on investments	(100)	(119)
Net gains on beneficial interest in endowment funds	(38,328)	(18,629)
Amortization of operating lease right-of-use assets	71,728	91,789
Loss on disposal of operating lease right-of-use asset	13,766	
Forgiveness of operating lease liability	(14,242)	
Changes in working capital - sources (uses):		
Accounts receivable	(26,492)	2,494
Promises to give	32,935	(16,744)
Other receivables	(6,407)	
Prepaid expenses	29,203	(6,440)
Accounts payable	(56,676)	111,841
Accrued expenses	(3,664)	30,311
Deferred revenue	(55)	(5,520)
Operating lease liabilities	(38,085)	(99,197)
Net cash provided (used) by operating activities	(538,861)	2,272
Cash flows from investing activities		
Proceeds from sale of donated stock	145,006	41,149
Purchases of investments	(59)	
Distributions from beneficial interest in endowment funds	11,930	250,000
Change in beneficial interest in endowment funds	(27,160)	(15,101)
Proceeds from disposal of property and equipment	16,192	
Purchases of property and equipment	(69,485)	(96,510)
Net cash provided by investing activities	76,424	179,538
Net increase (decrease) in cash and equivalents	(462,437)	181,810
Cash and equivalents at beginning of year	923,044	741,234
Cash and equivalents at end of year	$ 460,607	$ 923,044
Supplemental disclosure of noncash information		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 496,286	$ 233,337

The accompanying notes are an integral part of the financial statements.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

Western North Carolina Public Radio, Inc. (Organization) was incorporated on April 9, 1984, as a nonprofit corporation. In June 2017, the Organization began doing business as Blue Ridge Public Radio. The Organization is dedicated to operating a community-based, fine arts public radio station with a commitment to the cultural well-being of Western North Carolina offering radio and digital streaming programs that include news, music, and other content.

Income Tax Status

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Basis of Presentation

The financial statements of the Organization 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), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

- *Net assets with donor restrictions*: Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions and restricted grants. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted support as without donor restrictions to the extent that donor restrictions were met in the reporting period the support was recognized.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to loss on disposal of property and equipment; resources that generate return from investments and beneficial interest in endowment funds; and other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than accounts receivable, investments, beneficial interest in endowment funds, operating lease right-of-use assets, and operating lease liabilities, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized as accounts receivable approximate fair value due to the allowance for credit losses applied to outstanding balances.

The fair value of investments and beneficial interest in endowment funds is discussed in Notes 7 and 8.

Amounts recognized for operating lease right-of-use assets and operating lease liabilities approximate fair value due to present value adjustments determined by the Organization's incremental borrowing rate.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of uncollateralized customer obligations for on-air public announcements and other services provided on behalf of customers. The Organization provides credit to customers and bills them as services are provided or on a monthly basis. Receipts of payments are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Organization has not experienced significant difficulties in collecting accounts receivable and therefore does not assess finance charges. Management believes its billing and collection policies are adequate to minimize potential credit risk.

Other Receivables

Other receivables consist primarily of sales tax receivables and other reimbursements.

Allowance for Credit Losses

The allowance for credit losses represents an estimate made by management of the lifetime expected credit losses inherent in accounts and other receivables balances.

For accounts and other receivables, accounts outstanding longer than the contractual payment terms are considered past due. Management believes its billing and collection policies are adequate to minimize potential credit risk. In reviewing aged receivables, management considers their knowledge of customers, historical losses, and current economic conditions in establishing the allowance for credit losses. The Organization writes-off accounts and other receivables when they become uncollectible, and payments subsequently received on such receivables are credited back to the allowance account in the period the payment is received.

All other receivables are considered by management to be fully collectible and therefore no allowance for credit losses has been recorded.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in listener and other support. A provision of uncollectible promises to give has not been established, as management believes that all outstanding balances are collectible.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized as incurred. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than $5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally two to thirty-nine years.

Donated Property and Equipment

Donations of property and equipment are recorded as in-kind contributions at the estimated fair value at the date of the gift. The Organization reports gifts of property and equipment as in-kind contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are recognized in the statements of activities.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the fair value hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Leases

The Organization determines if an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception. Operating leases are included as operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying statements of financial position. Finance leases are included as finance lease ROU assets and finance lease liabilities in the accompanying statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments, discounted using the Organization's incremental borrowing rate or the implied interest rates.

Lease terms may include options to renew when it is reasonably certain the Organization will exercise those options. Lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Organization has elected to apply the short-term lease exception to all leases with a remaining term of 12 months or less and those that are considered immaterial.

Donated Assets

Donated marketable securities are recorded as listener and other support at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 11.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 11.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Business sponsorships are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services for businesses. These services consist of radio sponsorships, impressions on the Organization's internet sites, and other forms of agreed upon sponsorships. The Organization has concluded that they have a right to consideration for services provided in accordance with the underlying contracts. Payments received in advance of business sponsorships being provided are recorded as deferred revenue in the accompanying statements of financial position.

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met. A portion of the Organization's revenue is also derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statements of financial position.

The Organization also recognizes revenue from acting as a lessor in operating leases. Rental income is accounted for on the straight-line basis over the lease term.

Functional Allocation of Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. All expenses except for contract labor, programming fees, banking fees, advertising, miscellaneous, and amortization are allocated based on estimates of time and effort. Contract labor, programming fees, advertising, and amortization expenses are directly related to program services. Banking fees and miscellaneous expenses are directly related to supporting services.

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended September 30, 2024 and 2023, was $66,861 and $53,318, respectively.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Newly Adopted Accounting Pronouncements

During the year ended September 30, 2024, the Organization adopted the requirements of Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The FASB also subsequently issued the following additional ASUs, which amend and clarify the ASU: ASU 2019-04, *Codification Improvements to Topic 326*, *Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments;* ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses*; ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326)*; and ASU 2020-03*, Codification Improvements to Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected and disclosures are required to provide users of the financial statements with useful information in analyzing the Organization's exposure to credit risk and the measurement of credit losses. Additional note disclosures have been added to Note 1, Allowance for Credit Losses and Note 4, Contract Assets and Liabilities, as a result of the implementation of ASU 2016-13.

Note 2 - Net Assets

Net assets are described as follows:

At September 30	2024	2023
Net assets without donor restrictions:		
Undesignated	$ 321,012	$ 295,831
Investment in property and equipment	874,205	896,836
Board designated:		
Innovation fund	63,426	286,430
Journalism fund	47,063	45,849
Operating reserves	918,152	1,051,386
Endowment reserve	283,443	255,513
Total board designated	1,312,084	1,639,178
Net assets without donor restrictions	2,507,301	2,831,845
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
Promises to give		32,935
Innovation fund		75,000
Net assets with donor restrictions		107,935
Total net assets	$ 2,507,301	$ 2,939,780

Note 3 - Liquidity and Availability of Financial Assets

The Organization receives significant contributions and promises to give restricted by donors and considers those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Monitoring expenses closely.

Board designated reserves and endowment reserves are available for appropriation by the Board. However, the Organization does not intend to spend from these board designated reserves, unless necessary.

The following reflects the liquidity and availability of the Organization's financial assets:

At September 30	2024	2023
Financial assets:		
Cash and equivalents	$ 460,607	$ 923,044
Accounts receivable, net	159,685	133,193
Promises to give		32,935
Other receivables	6,407	
Investments	1,720	
Beneficial interest in endowment funds	1,106,593	1,053,035
Total financial assets	1,735,012	2,142,207
Amounts not available for general expenditure:		
Board designated innovation fund	(63,426)	(286,430)
Board designated journalism fund	(47,063)	(45,849)
Board designated operating reserves	(918,152)	(1,051,386)
Board designated endowment reserve	(283,443)	(255,513)
Net assets with donor restrictions		(107,935)
Add back: promises to give		32,935
Total amounts not available for general expenditure	(1,312,084)	(1,714,178)
Net financial assets available to meet cash needs for general expenditures within one year	$ 422,928	$ 428,029

Note 4 - Contract Assets and Liabilities

Accounts receivable and promises to give represent the Organization's contract assets with an unconditional right to receive consideration from customers or contributors. Accounts receivable are recorded at the amount the Organization has a right to invoice less an allowance for credit losses. Promises to give are recorded at amounts expected to be received based on contractual terms without conditions.

Note 4 - Contract Assets and Liabilities (continued)

The following table provides information about contract assets:

At September 30	2024	2023	2022
Accounts receivable:			
Business sponsorship receivables	$ 152,625	$ 132,384	$ 152,969
Rent receivables	12,060	5,809	6,511
Less: allowance for credit losses	(5,000)	(5,000)	(23,793)
Accounts receivable, net	159,685	133,193	135,687
Promises to give		32,935	16,191
Total contract assets	$ 159,685	$ 166,128	$ 151,878

Significant changes in the allowance for credit losses are as follows:

Years Ended September 30	2024	2023
Allowance for credit losses, beginning of year	$ 5,000	$ 23,793
Write-offs		(18,793)
Allowance for credit losses, end of year	$ 5,000	$ 5,000

Contract liabilities are recorded when a customer pays consideration, or the Organization has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Organization has an obligation to transfer the good or service to the customer at a future date. The Organization's contract liabilities consist of deferred revenue which are comprised of amounts received for business sponsorship contracts which will be satisfied in the following fiscal year.

Significant changes in contract liabilities from contracts with customers are as follows:

Years Ended September 30	2024	2023
Deferred revenue, beginning of year	$ 44,412	$ 49,932
Revenue recognized that was included in deferred revenue at the beginning of the year	(44,412)	(49,932)
Increase in deferred revenue due to cash received during year	44,357	44,412
Deferred revenue, end of year	$ 44,357	$ 44,412

Note 5 - Property and Equipment

A description of property and equipment is as follows:

At September 30	2024	2023
Broadcasting and tower equipment	$ 1,576,327	$ 1,604,443
Building and improvements	377,807	377,807
Office equipment	149,671	149,671
Vehicle	37,146	37,146
Land	11,579	11,579
Construction in progress	69,485	
	2,222,015	2,180,646
Less: accumulated depreciation	(1,347,810)	(1,283,810)
Property and equipment, net	$ 874,205	$ 896,836

Depreciation expense for the years ended September 30, 2024 and 2023, was $75,357 and $101,584, respectively.

Note 6 - Intangible Assets

Intangible assets include radio station broadcasting licenses and high definition (HD) broadcasting rights that have indefinite useful lives and are not amortized, but instead are reviewed for impairment on an annual basis or other times during the year if events or circumstances indicate that it is more likely than not that the fair value, as defined by professional standards, is below the carrying amount. No impairment loss was recognized for the years ended September 30, 2024 and 2023. Intangible assets also include a domain name which is subject to amortization. The domain name is being amortized over its useful life of fifteen years.

A description of intangible assets is as follows:

At September 30	2024	2023
Indefinite-lived intangible assets:		
Mars Hill station broadcasting rights	$ 124,122	$ 124,122
WZQS broadcasting rights	95,000	95,000
Mars Hill station HD broadcasting rights	5,000	5,000
	224,122	224,122
Less: accumulated impairment loss	(43,417)	(43,417)
Total indefinite-lived intangible asset	180,705	180,705
Definite-lived intangible asset:		
Domain name	10,176	10,176
Less: accumulated amortization	(5,257)	(4,579)
Total definite-lived intangible asset	4,919	5,597
Intangible assets, net	$ 185,624	$ 186,302

Note 6 - Intangible Assets (continued)

Amortization expense for the years ended September 30, 2024 and 2023, was $678, each year. Future amortization expense is as follows:

Years Ending September 30		
2025	$	678
2026		678
2027		678
2028		678
2029		678
Thereafter		1,529
Total	$	4,919

Note 7 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreements grant variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the distribution of funds, if, in its sole judgment (without the approval of any trustee, custodian, or agent), such condition or restriction becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation. Under the terms of the agreements, the Organization can withdraw all or a portion of the original principal provided the governing board of the Organization and the Foundation approve the withdrawal. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and are presented in the financial statements in the aggregate at fair value.

The Organization is also the specified beneficiary for an additional endowment fund (McGuire Endowment Fund) held by the Foundation. The fair value of the fund at September 30, 2024 and 2023, was $450,264 and $407,751, respectively. In accordance with professional standards, the balance of the McGuire Endowment Fund is not reflected in the Organization's financial records. For the years ended at September 30, 2024 and 2023, the fund distributed grants to the Organization in the amounts of $20,340 and $20,400, respectively, which are reflected in the accompanying statements of activities.

Note 8 - Fair Value Measurements

Investments and beneficial interest in endowment funds are reported in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Equity Investments
Equity investments consist of common stocks and daily traded mutual funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Note 8 - Fair Value Measurements (continued)

Beneficial Interest in Endowment Funds
The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to the inputs being unobservable, the instruments are categorized as Level 3.

The following table sets forth estimated fair values for financial instruments:

At September 30, 2024	Level 1	Level 2	Level 3	Total
Investments:				
Equity investments:				
Common stock	$ 1,165	$	$	$ 1,165
Mutual funds	555			555
Total investments	1,720			1,720
Beneficial interest in endowment funds			1,106,593	1,106,593
Total fair value measurements	$ 1,720	$	$ 1,106,593	$ 1,108,313

At September 30, 2023	Level 1	Level 2	Level 3	Total
Beneficial interest in endowment funds	$	$	$ 1,053,035	$ 1,053,035
Total fair value measurements	$	$	$ 1,053,035	$ 1,053,035

A reconciliation of changes in Level 3 inputs is as follows:

Years Ended September 30	2024	2023
Level 3 inputs, beginning of year	$ 1,053,035	$ 1,269,305
Interest and dividends	35,110	23,692
Net gains on beneficial interest in endowment funds	38,328	18,629
Distributions	(11,930)	(250,000)
Management fees	(7,950)	(8,591)
Level 3 inputs, end of year	$ 1,106,593	$ 1,053,035

Note 9 - Accrued Expenses

Accrued expenses are described as follows:

At September 30	2024	2023
Accrued payroll	$ 62,073	$ 54,513
Accrued compensated absences	69,580	72,233
Accrued commissions	3,692	7,007
Federal tax payable		8,625
Other	4,067	698
Accrued expenses	$ 139,412	$ 143,076

Note 10 - Leases

The Organization leases office space and translator/tower space under non-cancellable operating lease agreements with a weighted average remaining lease term of approximately six years and three years as of September 30, 2024 and 2023, respectively. The discount rate for the operating leases was determined using the Organization's incremental borrowing rate of 6.25% to 8.50%. The weighted average discount rate for the years ended September 30, 2024 and 2023, was 8.42% and 6.43%, respectively. The lease agreements include variable payments based on maintenance and other common area expenses which are not determinable at lease commencement and are not included in the measurement of the lease assets and liabilities. In addition, the Organization subleases certain tower space to third party companies.

Some of the lease agreements include one or more options to renew, with renewal terms that can extend the lease term from one to ten years. Only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of lease assets and liabilities.

The following is a schedule of future minimum lease payments under the operating lease liabilities agreements:

Years Ending September 30	Payments
2025	$ 116,715
2026	127,275
2027	127,955
2028	128,664
2029	129,401
Thereafter	105,765
Total payments	735,775
Less: imputed interest	(157,676)
Total operating lease liabilities	$ 578,099

Note 10 - Leases (continued)

The following summarizes cash flow information related to leases:

Years Ended September 30	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 90,209	$ 110,951
Assets obtained in exchange for operating lease obligations	$ 496,286	$ 233,337
Loss on disposal of operating lease right-of-use asset	$ 13,766	$
Forgiveness of operating lease liability	$ (14,242)	$

The Organization also leases additional office space, translator/tower space, and office equipment under non-cancelable operating lease agreements. Leases with a remaining term of 12 months or less at lease inception, or those that are considered immaterial, are not recorded in the statements of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements as operating lease liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term. These leases require various monthly payments and expire through December 2027.

The following summarize the line items in the accompanying statements of activities and functional expenses which include the components of lease costs:

Years Ended September 30	2024	2023
Short-term and immaterial operating leases included in occupancy and supplies & equipment	$ 67,690	$ 49,508
Operating lease costs included in occupancy	110,289	103,544
Variable lease costs included in occupancy	16,683	38,112
Sublease income included in rental income	(71,685)	(39,027)
Total lease costs	$ 122,977	$ 152,137

The following is a schedule of future minimum lease payments under short-term and immaterial lease agreements:

Years Ending September 30	Payments
2025	$ 10,398
2026	2
2027	2
2028	
2029	
Total	$ 10,402

Note 10 - Leases (continued)

Sublease Income

The Organization subleases tower space use as the lessor to various companies under operating lease agreements. The subleases expire at various dates through March 2026. The leases contain various renewal options ranging from one to five additional years. At lease inception, the Organization determines whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Organization only reassess if the terms and conditions of the contract are changed.

Future minimum payments to be received under these sublease agreements are as follows:

Years Ending September 30	
2025	$ 27,374
2026	5,545
2027	
2028	
2029	
Total future rental income	$ 32,919

Note 11 - In-kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Organization. The Organization regularly trades underwriting spots for goods and services. This underwriting is generally included in the Organization's in-kind contributions and related expenses. Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as in-kind contributions in the financial statements since the recognition criteria were not met.

In-kind contributions are summarized as follows:

Year Ended September 30, 2024	Fair Value	Usage in Program	Donor Restriction
Barter underwriting spots	$ 63,091	Program services	None
Raffle prizes	5,176	Fundraising	Fundraising
Tower rent	2,831	Program services	None
Total contributions of nonfinancial assets	$ 71,098		

Note 11 - In-kind Contributions (continued)

Year Ended September 30, 2023			
	Fair Value	Usage in Program	Donor Restriction
Barter underwriting spots	$ 52,418	Program services	None
Tower rent	2,220	Program services	None
Total contributions of nonfinancial assets	$ 54,638		

Fair value techniques - Barter underwriting spots are valued at the donor provided amount of the goods or services being traded, or the price that would be paid to purchase comparable goods or services. Raffle prizes are valued at the donor provided amount, price that would be paid to purchase a comparable item, or current sales price of the item as sold by the donating vendor. Tower rent is valued at the landlord provided amount of the rental discount.

Note 12 - Retirement Plan

The Organization participates in a 403(b) defined contribution retirement plan (the Plan). Employees that meet criteria as defined by the Plan are eligible for participation in the Plan after attaining age eighteen and completing ninety days of service. The Organization matches employee contributions up to 5% of the employee's eligible compensation as defined by the Plan. Retirement benefit expenses under the Plan for the years ended September 30, 2024 and 2023, were $53,130 and $43,928, respectively.

Note 13 - Commitments and Contingencies

Federal Assisted Programs

The Organization has received proceeds from several federal grants. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in a refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss.

Note 14 - Concentration of Credit Risk

Uninsured Cash and Investment Balances

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation up to $250,000. Generally, cash balances will exceed the FDIC insurance limits or be partially uninsured.

The Organization's beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Organization's beneficial interest in endowment funds account balances and amounts reported in the accompanying financial statements.

Major Grantor

Major grantors exist when revenue from a single source equals 10% or more of the Organization's total revenue. Grants from one such grantor were $289,443 and $268,942 during the years ended September 30, 2024 and 2023, respectively.

Note 15 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended September 30, 2023, 2022, and 2021, are subject to examination by the IRS, generally, for three years after they were filed.

Note 16 - Related Party Transactions

The Organization operates as a local affiliate of National Public Radio (NPR) and pays dues for its affiliation and programming fees for subscribed programs offered by NPR. During the years ended September 30, 2024 and 2023, the Organization paid NPR $438,206 and $407,036 for dues and programs. Accounts payable due to NPR as of September 30, 2024 and 2023, was $0 and $98,644, respectively.

During the years ended September 30, 2024 and 2023, the Organization received contributions of $79,495 and $198,506, respectively, from members of the Board of Directors. Outstanding promises to give from members of the Board of Directors was $0 and $15,855, as of September 30, 2024 and 2023, respectively.

Note 16 - Related Party Transactions (continued)

During the years ended September 30, 2024 and 2023, the Organization paid for information technology services to a company owned by an employee in the amount of $0 and $6,000, respectively.

Note 17 - Subsequent Events

Management has evaluated subsequent events through June 30, 2025, which is the date the financial statements were available to be issued.

During October 2024, the Organization received grants totaling $72,500 from two organizations to assist with the Hurricane Helene response.