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UNIVERSITY RADIO FOUNDATION, INC.

Financial Statements for the Years
Ended June 30, 2025 and 2024 and
Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

Board of Directors
University Radio Foundation, Inc.

Opinion

We have audited the financial statements of University Radio Foundation, Inc. (the “Organization”), which comprise the statement of activities and changes in net assets as of June 30, 2025 and 2024, and the related statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

Basis for Opinion

We conducted our audits in accordance with generally accepted auditing standards in the United States of America (“GAAS”). 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 the Organization 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 GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with the Board of Directors 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.

A handwritten signature in black ink that reads "Green Walker LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants
February 19, 2026
Charlotte, NC

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 442,872	\$ 296,397
Accounts receivable, net	219,020	230,893
Pledges receivable, net	639,733	653,315
Employee retention credit receivable	-	262,316
Prepaid expenses and other current assets	80,303	106,175
Total current assets	<u>1,381,928</u>	<u>1,549,096</u>
NONCURRENT ASSETS:		
Pledges receivable, net	235,467	-
Investments	4,072,874	3,667,635
Operating lease right-of-use assets, net	608,206	629,329
Property, net	250,159	287,091
Total noncurrent assets	<u>5,166,706</u>	<u>4,584,055</u>
TOTAL	<u>\$ 6,548,634</u>	<u>\$ 6,133,151</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Line of credit	\$ 201,115	\$ -
Current portion of operating lease liabilities	479,655	426,328
Accounts payable	723,504	282,840
Accrued expenses	247,436	277,833
Deferred revenue	172,549	434,828
Total current liabilities	<u>1,824,259</u>	<u>1,421,829</u>
OPERATING LEASE LIABILITIES, NET OF CURRENT PORTION	<u>204,094</u>	<u>339,799</u>
NET ASSETS:		
Without donor restrictions	3,643,881	3,577,375
With donor restrictions	876,400	794,148
Total net assets	<u>4,520,281</u>	<u>4,371,523</u>
TOTAL	<u>\$ 6,548,634</u>	<u>\$ 6,133,151</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS:						
Contributions	\$ 4,147,039	\$ 1,336,606	\$ 5,483,645	\$ 3,995,702	\$ 1,003,353	\$ 4,999,055
Corporation for Public Broadcasting	431,941	-	431,941	408,987	-	408,987
Underwriting fees	1,384,309	-	1,384,309	1,486,869	-	1,486,869
Return on investments, net	405,239	-	405,239	452,223	-	452,223
Employee retention credit income	-	-	-	262,316	-	262,316
Special events (net of related expenses of \$89,241 and \$121,449 for the year ended June 30, 2025 and 2024, respectively)	13,148	-	13,148	53,162	-	53,162
Other income	41,282	-	41,282	11,033	-	11,033
Reclassifications:						
Contributions and grants released from restrictions	1,254,354	(1,254,354)	-	899,320	(899,320)	-
Total revenue, support and reclassifications	<u>7,677,312</u>	<u>82,252</u>	<u>7,759,564</u>	<u>7,569,612</u>	<u>104,033</u>	<u>7,673,645</u>
EXPENSES:						
Program services:						
Programming and production	3,705,315	-	3,705,315	3,745,998	-	3,745,998
Broadcast engineering	353,076	-	353,076	348,090	-	348,090
Program information	-	-	-	88,112	-	88,112
Total program services	<u>4,058,391</u>	<u>-</u>	<u>4,058,391</u>	<u>4,182,200</u>	<u>-</u>	<u>4,182,200</u>
Supporting services:						
General and administrative	940,177	-	940,177	1,161,820	-	1,161,820
Fundraising	1,382,687	-	1,382,687	1,312,819	-	1,312,819
Underwriting and grants	1,229,551	-	1,229,551	1,141,076	-	1,141,076
Total support services	<u>3,552,415</u>	<u>-</u>	<u>3,552,415</u>	<u>3,615,715</u>	<u>-</u>	<u>3,615,715</u>
Total expenses	<u>7,610,806</u>	<u>-</u>	<u>7,610,806</u>	<u>7,797,915</u>	<u>-</u>	<u>7,797,915</u>
CHANGE IN NET ASSETS	66,506	82,252	148,758	(228,303)	104,033	(124,270)
NET ASSETS, BEGINNING OF YEAR	<u>3,577,375</u>	<u>794,148</u>	<u>4,371,523</u>	<u>3,805,678</u>	<u>690,115</u>	<u>4,495,793</u>
NET ASSETS, END OF YEAR	<u>\$ 3,643,881</u>	<u>\$ 876,400</u>	<u>\$ 4,520,281</u>	<u>\$ 3,577,375</u>	<u>\$ 794,148</u>	<u>\$ 4,371,523</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

	Program			Supporting			Total
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,738,922	\$ 112,416	\$ -	\$ 561,971	\$ 624,052	\$ 783,154	\$ 3,820,515
Payroll taxes	128,203	8,691	-	43,755	45,152	58,140	283,941
Employee benefits	155,512	10,465	-	54,052	59,409	68,765	348,203
Retirement plan contributions	21,835	1,778	-	7,974	7,227	8,587	47,401
Professional fees	29,805	6,481	-	52,020	150,429	18,377	257,112
Program fees	1,109,409	-	-	-	-	-	1,109,409
Outreach and promotion	758	-	-	-	6,164	-	6,922
Office expenses	1,865	426	-	2,092	1,980	396	6,759
Computer and IT	95,823	14,393	-	38,883	67,656	51,997	268,752
Occupancy	288,194	111,411	-	91,756	65,592	91,899	648,852
Postage and printing	127	491	-	81	119,099	82	119,880
Travel and entertainment	11,589	276	-	7,763	4,175	1,242	25,045
Conferences and meetings	1,262	-	-	26,772	-	2,290	30,324
Depreciation	17,836	21,564	-	5,675	4,054	5,675	54,804
Insurance	31,306	1,506	-	10,131	7,207	9,626	59,776
Dues and subscriptions	72,329	840	-	6,330	9,370	2,146	91,015
Bad debt expense	-	-	-	-	118,602	-	118,602
Transaction fees	-	-	-	17,932	92,519	10,365	120,816
Miscellaneous	540	62,338	-	12,990	-	116,810	192,678
Total expenses	\$ 3,705,315	\$ 353,076	\$ -	\$ 940,177	\$ 1,382,687	\$ 1,229,551	\$ 7,610,806

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program			Supporting			Total
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,727,810	\$ 134,220	\$ 22,055	\$ 681,471	\$ 530,559	\$ 754,039	\$ 3,850,154
Payroll taxes	128,005	9,465	1,324	51,397	35,108	51,261	276,560
Employee benefits	164,807	9,506	959	66,895	54,859	54,474	351,500
Retirement plan contributions	25,654	1,969	330	10,008	3,471	9,385	50,817
Professional fees	7,445	8,803	18,900	95,709	74,008	14,858	219,723
Program fees	1,055,353	-	-	-	-	-	1,055,353
Outreach and promotion	-	-	-	511	98,819	-	99,330
Office expenses	904	116	-	4,029	2,476	944	8,469
Computer and IT	81,419	11,363	9,734	33,601	51,648	24,551	212,316
Occupancy	387,132	129,031	27,780	122,789	70,176	84,241	821,149
Postage and printing	326	177	-	22	118,103	229	118,857
Travel and entertainment	14,524	366	-	14,507	10,806	2,223	42,426
Conferences and meetings	-	175	-	500	1,398	147	2,220
Depreciation	32,069	26,991	2,443	10,237	5,735	6,845	84,320
Insurance	29,736	1,074	1,748	9,664	5,399	6,479	54,100
Dues and subscriptions	75,448	-	148	10,926	489	24,741	111,752
Bad debt expense (recovery)	-	-	-	-	152,444	(4,590)	147,854
Transaction fees	-	-	-	13,900	92,219	12,339	118,458
Miscellaneous	15,366	14,834	2,691	35,654	5,102	98,910	172,557
Total expenses	\$ 3,745,998	\$ 348,090	\$ 88,112	\$ 1,161,820	\$ 1,312,819	\$ 1,141,076	\$ 7,797,915

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 148,758	\$ (124,270)
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Change in allowance for pledges and accounts receivable	28,727	41
Depreciation	54,804	84,320
Amortization of operating lease right-of-use assets	448,646	581,194
Return on investments, net	(405,239)	(452,223)
Changes in operating assets and liabilities:		
Accounts receivable	(223,594)	11,790
Pledges receivable	(15,145)	(275,665)
Employee retention credit receivable	262,316	(262,316)
Prepaid expenses and other current assets	20,635	4,947
Operating lease liabilities	(504,664)	(633,534)
Accounts payable	440,664	121,585
Accrued expenses	(30,397)	(30,547)
Deferred revenue	<u>(262,279)</u>	<u>240,370</u>
Net cash applied to operating activities	<u>(36,768)</u>	<u>(734,308)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	1,201,680
Purchases of property	<u>(17,872)</u>	<u>(6,901)</u>
Net cash provided by (applied to) investing activities	<u>(17,872)</u>	<u>1,194,779</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (repayments) on line of credit, net	<u>201,115</u>	<u>(502,316)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	146,475	(41,845)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>296,397</u>	<u>338,242</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 442,872</u>	<u>\$ 296,397</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - University Radio Foundation, Inc. (“WFAE” or the “Organization”) operates independent public radio stations located in Charlotte (WFAE-FM) and Hickory (WFHE-FM), North Carolina.

Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met and restrictions stipulating that the amounts be maintained by the Organization in perpetuity. For net assets held in perpetuity, the Organization may expend part, or all of the income earned according to donor stipulations.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Accounts Receivable - The Organization extends credit to its underwriters under standard payment terms, generally requiring payment within 30 days from the invoice date. Accounts receivable are reduced by an allowance for credit losses (\$10,474 as of June 30, 2025 and 2024, respectively), which reflects management’s estimate of the risk of loss due to credit default. The Organization recognizes the amount of change in current expected credit losses as bad debt expense or income in the accompanying statements of functional expenses (recovery of \$4,590 for the year ended June 30, 2024). Accounts are written-off against the allowance when the Company has no reasonable expectation of recovering the receivable, either in its entirety or a portion thereof.

Management estimates the allowance for credit losses by applying historical credit loss rates to underwriting accounts receivable aging categories. Management considers historical loss information to be a reasonable basis for its estimate as the composition of underwriting accounts receivable and the risk characteristics of its underwriting contracts and lending practices have not changed significantly over time. In addition, accounts are pooled by aging category as the change in risk characteristics is similar as accounts age. Management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if restrictions expire in the same fiscal year. All other donor-restricted net assets are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable are recorded at their net realizable value. An allowance for uncollectible pledges receivable is provided based on management’s review of outstanding receivables and prior collection history.

Property - Property that is purchased is recorded at cost. Property that is contributed is recorded at approximate fair value at the time of donation. Depreciation is computed using straight-line methods based on the estimated useful lives of the respective assets. The Organization has determined that items purchased with a value exceeding \$1,000 are to be treated as capitalized assets.

Leases - The Organization assesses whether an arrangement is a lease, or contains a lease, upon inception of the contract. This assessment is based on: (1) whether the contract explicitly or implicitly involves the use of a distinct asset, (2) whether the Organization obtains substantially all of the economic benefits from the use of that underlying asset during the term of the contract, and (3) whether the Organization has the right to direct the use of the asset. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (“ROU”) asset representing the right to use an underlying asset and lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities. All current leases are classified and accounted for as operating leases. Lease expense for operating leases, consisting of lease payments, is recognized on a straight-line basis over the lease term and is included in expenses in the statements of activities.

ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made on or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization uses the rate explicit or implicit in the lease. For leases where the explicit rate is not stated in the contract and implicit rate is not readily determinable, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Investments - Investments are recorded at fair value with realized and unrealized gains and losses included in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. The fair value of investment securities is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities.

Revenue Recognition

Revenues from Underwriting Contracts

The Organization enters into contracts with customers to provide underwriting spots and related services. Revenue is recognized ratably over time as the Organization satisfies its performance obligation to provide underwriting spots and related services at amounts that reflect the consideration the Organization expects to receive in exchange for those services. The Organization's standard terms and conditions require payment within 30 days of the invoice date, though timing of payment with specific customers may be separately negotiated. Revenues from underwriting contracts are labeled in the accompanying statements of activities as underwriting fees. Net accounts receivable related to underwriting fees of \$219,020, \$230,893, and \$233,193 was recorded at June 30, 2025, 2024, and 2023, respectively.

Contributions

The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier. Pledges receivable are recorded net of estimated uncollectible amounts and discounted to net present value when applicable. Conditional promises to give are not included in support until such time as the conditions are substantially met.

The Organization may receive contributions of cash or other assets which it reports as restricted support if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Deferred Revenue

Underwriting consideration received in advance of services rendered is recognized as deferred revenue. Consideration received for conditional contributions is recognized as deferred revenue until such time as the conditions are substantially met. Accordingly, these considerations are categorized as deferred revenue in the accompanying statements of financial position. Deferred revenue related to underwriting fees of approximately \$119,000, \$95,000, and \$36,000 was recorded at June 30, 2025, 2024, and 2023, respectively.

Donated Services and Goods - The Organization receives donated services and goods and engages in trade transactions, in the ordinary course of business. Such transactions involve donation of goods or services or the exchange of underwriting time for certain goods or services. These goods and services are recorded at the estimated market value of the related goods or services received on the date that they are received. These goods and services are recorded as support in the accompanying statements of activities and in the corresponding functional expense category on the accompanying statements of functional expenses and totaled approximately \$143,000 and \$129,000 for the years ended June 30, 2025 and 2024, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The value of this contributed time does not meet the criteria for recognition of donated services and, accordingly, is not reflected as support in the accompanying financial statements.

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been recognized in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2025 and 2024.

Advertising Expense - The Organization expenses the cost of advertising as incurred. The accompanying statements of activities include advertising expense in the amount of approximately \$7,000 and \$12,000 for the years ended June 30, 2025 and 2024, respectively.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The compensation of certain members of management is allocated based on time and effort spent on program and supporting services. Occupancy, insurance and supply expenses are allocated based on employee headcount. All remaining expenses are categorized according to natural classification.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through February 19, 2026, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year as of June 30, 2025:

Financial assets at year-end:	
Cash and cash equivalents	\$ 442,872
Accounts and pledges receivable, net	1,094,220
Investments	4,072,874
Total financial assets	<u>5,609,966</u>

Less amounts not available to be used for general expenditures within one year:

Restricted by donors with time restrictions greater than one year	<u>235,467</u>
Financial assets not available to be used within one year	<u>235,467</u>

Financial assets available to meet general expenditures within one year \$ 5,374,499

As part of the Organization's liquidity management, the Organization maintains at least three months of monthly expenses in cash and cash equivalents and appropriate short-term liquid investments, which may include unused availability on a line of credit issued by a commercial bank. As detailed in Note 7, the Organization has a line of credit for an amount up to \$750,000.

3. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Pledges receivable due in less than one year	\$ 721,011	\$ 704,616
Pledges receivable due in one to five years	<u>235,467</u>	<u>-</u>
Total pledges receivable	956,478	704,616
Less allowance for uncollectible pledges	<u>81,278</u>	<u>52,551</u>
Pledges receivable, net	875,200	653,315
Current portion, net	<u>678,471</u>	<u>653,315</u>
Long-term, net	<u>\$ 196,729</u>	<u>\$ -</u>

4. EMPLOYEE RETENTION CREDIT

During the year ended June 30, 2024, the Organization determined that it met the requirements to apply for Employer Retention Tax Credits ("ERTC") under the Coronavirus Aid, Relief and Economic Security Act, which was enacted to provide financial relief to certain businesses impacted by the coronavirus pandemic. The Organization recognized ERTC income of \$262,316, including interest income of \$49,697, in the accompanying statement of activities for the year ended June 30, 2024, once it determined its eligibility to participate in the program, calculated its credit, and filed the required forms. During the year ended June 30, 2025, the Organization received payment for the ERTC refund and relieved the receivable.

5. INVESTMENTS

Investments consisted of the following funds as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 151,354	\$ 213,600
Equity funds	1,114,856	1,002,820
Exchange-traded products	1,082,918	967,500
Fixed-income funds	<u>1,723,746</u>	<u>1,483,715</u>
Total	<u>\$ 4,072,874</u>	<u>\$ 3,667,635</u>

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

The inputs used for valuing investments are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

- Money Market Funds: Valued at the net asset value (“NAV”) per share which is \$1 per share.
- Mutual Funds (Fixed-Income and Equity Funds): Valued at the NAV of the shares held by the Organization at year end, as listed on publicly traded exchanges.
- Exchange-Traded Products: Valued at an index, a commodity or a basket of assets like an index fund that is listed on publicly traded exchanges.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. All of the Organization’s investments are considered Level 1 investments within the fair value hierarchy as of June 30, 2025 and 2024.

Return on investments in the accompanying statements of activities is comprised of the following for the years ended June 30, 2025 and 2024, respectively:

	<u>2025</u>	<u>2024</u>
Realized gains	\$ 28,361	\$ 450,721
Unrealized gains	246,095	(118,774)
Dividends and interest, net	<u>130,783</u>	<u>120,276</u>
Return on investments, net	<u>\$ 405,239</u>	<u>\$ 452,223</u>

Dividends and interest income is presented net of investment fees of approximately \$13,000 and \$14,000 for the years ended June 30, 2025 and 2024, respectively.

6. PROPERTY

Property consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 28,432	\$ 28,432
Transmitters, antenna, and tower	1,426,816	1,421,084
Equipment - studio and broadcast	478,895	484,650
Furniture and fixtures	115,922	114,018
Leasehold improvements	<u>136,657</u>	<u>133,187</u>
Subtotal	2,186,722	2,181,371
Less accumulated depreciation and amortization	<u>1,936,563</u>	<u>1,894,280</u>
Total, net	<u>\$ 250,159</u>	<u>\$ 287,091</u>

7. LINE OF CREDIT

The Organization has a line of credit agreement with a bank for an amount up to \$750,000. The line of credit is payable in full on demand and may be terminated without notice to WFAE by the bank. Interest is payable monthly at the secured overnight financing rate (4.32% as of June 30, 2025) plus 2.36%, subject to a floor of 3.25%. There were outstanding borrowings of \$201,115 under this agreement at June 30, 2025. There were no outstanding borrowings under this agreement at June 30, 2024.

8. OPERATING LEASES

The Organization leases building space and a transmitter from unrelated third parties under agreements classified as operating leases for remaining terms ranging from two to three years. These leases do not contain any material restrictive covenants or residual value guarantees.

The components of lease expense were as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 481,924	\$ 621,296
Variable lease expense	<u>40,093</u>	<u>70,822</u>
Total lease expense	<u>\$ 522,017</u>	<u>\$ 692,118</u>

Supplemental statement of financial position information related to operating leases was as follows as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
ROU asset, equipment	\$ 208,591	\$ 23,871
ROU asset, buildings	<u>399,615</u>	<u>605,458</u>
Total ROU assets	<u>\$ 608,206</u>	<u>\$ 629,329</u>
Current lease liabilities, equipment	\$ 40,637	\$ 24,439
Current lease liabilities, buildings	<u>439,018</u>	<u>401,889</u>
Total current lease liabilities	<u>\$ 479,655</u>	<u>\$ 426,328</u>
Noncurrent lease liabilities, equipment	\$ 169,441	\$ -
Noncurrent lease liabilities, buildings	<u>34,653</u>	<u>339,799</u>
Total noncurrent lease liabilities	<u>\$ 204,094</u>	<u>\$ 339,799</u>

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term	2.06 years	1.75 years
Weighted-average discount rate	4.21%	3.92%

Future undiscounted cash flows under operating leases and a reconciliation to the lease liabilities recognized on the statement of financial position as of June 30, 2025, was as follows:

Year ending June 30:	
2026	\$ 496,617
2027	85,173
2028	51,835
2029	53,390
2030	<u>27,089</u>
Total undiscounted cash flows	714,105
Less present value discount	<u>(30,355)</u>
Total lease liabilities	<u>\$ 683,750</u>

In October 2022, the Organization executed a lease agreement directly with the owner of a building the Organization currently sublets. The term of this lease will begin in May 2026 and extend through June 2031. As the two leasing arrangements are governed by separate agreements with different lessors, the second lease will not be measured until its commencement date in May 2026. The execution of the lease in October 2022 will require the following approximate future minimum lease payments, which are in addition to the future undiscounted cash flows presented in the table above:

Year ending June 30:	
2027	\$ 460,000
2028	474,000
2029	488,000
2030	502,000
2031	<u>518,000</u>
Total	<u>\$ 2,442,000</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Restricted by donors with time restrictions	\$ 876,400	\$ 653,315
Restricted by donors with purpose restrictions:		
American Journalism Project	<u>-</u>	<u>140,833</u>
Net assets with donor restrictions	<u>\$ 876,400</u>	<u>\$ 794,148</u>

Net assets with donor restrictions are released from restriction by satisfaction of time and purpose. Restrictions released during the years ended June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Released from time restrictions	\$ 653,315	\$ 387,181
Released from purpose restrictions	<u>601,039</u>	<u>512,139</u>
Total	<u>\$ 1,254,354</u>	<u>\$ 899,320</u>

10. CONDITIONAL PROMISES TO GIVE

As of June 30, 2025, the Organization has been awarded conditional promises to give from grantors of approximately \$277,000. The Organization has received \$9,000 of the awarded amount as of June 30, 2025, which is included in deferred revenue on the accompanying statement of financial position. Future payments are contingent upon the Organization carrying out certain activities related to meeting grantor-imposed performance barriers stipulated by the grants. The awarded amounts will be recognized as contribution revenue as the Organization overcomes these performance barriers, which include staffing specific positions, implementing technology systems, and meeting other specified performance metrics.

11. RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan (the "Plan"), which covers full time employees of the Organization that have been employed for at least one year. The Plan requires employees to contribute 6% of salary following the completion of one year of service. The Organization makes discretionary contributions. Discretionary contributions were made by the Organization for the years ended June 30, 2025 and 2024 totaling approximately \$47,000 and \$51,000, respectively.

12. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2025 and 2024, the Organization received contributions from the Board of Directors and employees totaling approximately \$326,000 and \$226,000, respectively.

13. SUBSEQUENT EVENT

Subsequent to year-end, the Organization and the Lessor reached an agreement regarding adjustments to Common Area Maintenance (CAM) charges and rent abatement for the Organization’s leased office space. The agreement was finalized prior to February 19, 2026 and provides for a reduction in CAM charges and a temporary rent abatement period.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the years ended June 30, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Cash payments for operating lease liabilities	\$ 538,399	\$ 673,636
Cash payments for interest	\$ 12,440	\$ 34,759
<u>Non-cash transactions:</u>		
Operating lease ROU asset obtained in exchange for new lease liability	\$ 427,523	\$ -
Prepaid rent	\$ 5,237	\$ -
