

WUNC PUBLIC RADIO, LLC

**A Public Telecommunications Entity
Operated by The University of
North Carolina at Chapel Hill**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024



NORTH CAROLINA PUBLIC RADIO

CONTENTS

	<u>PAGES</u>
Independent Auditor's Report	2-3
Exhibits:	
"A" Statements of Financial Position	4
"B" Statements of Activities and Changes in Net Assets	5-6
"C" Statements of Cash Flows	7
"D" Statements of Functional Expenses	8-9
Notes to Financial Statements	10-24



INDEPENDENT AUDITOR'S REPORT

Page 1 of 2

Board of Directors
WUNC Public Radio, LLC

Opinion

We have audited the accompanying financial statements of WUNC Public Radio, LLC, a public telecommunications entity operated by The University of North Carolina at Chapel Hill, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WUNC Public Radio, LLC, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WUNC Public Radio, LLC, 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 WUNC Public Radio, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 WUNC Public Radio, LLC'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 WUNC Public Radio, LLC'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.

Balance & Strategy

Chapel Hill, North Carolina
October 30, 2025

WUNC PUBLIC RADIO, LLC

A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill

EXHIBIT A

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	<u>ASSETS</u>	
	<u>2025</u>	<u>2024</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,762,082	\$ 9,979,433
Investments	10,619,389	10,582,803
Underwriting receivable	337,513	422,666
Promises to give, net	7,949,734	6,600,885
Prepaid expenses	211,031	142,352
TOTAL CURRENT ASSETS	<u>28,879,749</u>	<u>27,728,139</u>
NONCURRENT ASSETS:		
Capital assets, net	3,938,545	3,594,318
Right of use assets - operating leases	3,332,845	1,122,079
Broadcast licenses	1,262,777	1,262,777
TOTAL NONCURRENT ASSETS	<u>8,534,167</u>	<u>5,979,174</u>
TOTAL ASSETS	<u>\$ 37,413,916</u>	<u>\$ 33,707,313</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 310,781	\$ 236,928
Accrued salaries and vacation	836,021	883,264
Unearned revenue	38,667	38,667
Operating lease liability, current	299,122	57,909
TOTAL CURRENT LIABILITIES	<u>1,484,591</u>	<u>1,216,768</u>
NONCURRENT LIABILITIES:		
Operating lease liability, net of current portion	3,194,805	1,156,471
TOTAL LIABILITIES	<u>4,679,396</u>	<u>2,373,239</u>
NET ASSETS:		
Without donor restrictions:		
Invested in capital assets	3,938,545	3,594,318
Board designated	11,039,629	10,742,264
Undesignated	9,796,612	10,386,607
Total without donor restrictions	<u>24,774,786</u>	<u>24,723,189</u>
With donor restrictions:		
Purpose restricted	10,000	10,000
Time restricted	7,949,734	6,600,885
Total with donor restrictions	<u>7,959,734</u>	<u>6,610,885</u>
TOTAL NET ASSETS	<u>32,734,520</u>	<u>31,334,074</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,413,916</u>	<u>\$ 33,707,313</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WUNC PUBLIC RADIO, LLC

A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill

EXHIBIT B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Page 1 of 2

For the Years Ended June 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE:			
Corporation for Public Broadcasting ("CPB") grants	\$ -	\$ 1,351,089	\$ 1,351,089
Contributions	14,044,863	-	14,044,863
Contribution of nonfinancial assets	506,359	-	506,359
Tower rental	193,959	-	193,959
Interest income	225,209	-	225,209
Studio usage and other income	2,380	-	2,380
Change in fair value of investments	1,168,993	-	1,168,993
	16,141,763	1,351,089	17,492,852
Net assets released from restriction	2,240	(2,240)	-
TOTAL SUPPORT AND REVENUE	16,144,003	1,348,849	17,492,852
EXPENSES:			
Program services:			
Programming and production	7,581,524	-	7,581,524
Broadcasting	2,873,442	-	2,873,442
Total program services	10,454,966	-	10,454,966
Supporting services:			
Management and general	2,194,789	-	2,194,789
Fundraising	3,404,540	-	3,404,540
Total supporting services	5,599,329	-	5,599,329
Total functional expenses	16,054,295	-	16,054,295
Income tax expense	38,111	-	38,111
TOTAL EXPENSES	16,092,406	-	16,092,406
CHANGES IN NET ASSETS	51,597	1,348,849	1,400,446
NET ASSETS - BEGINNING OF YEAR	24,723,189	6,610,885	31,334,074
NET ASSETS - END OF YEAR	\$ 24,774,786	\$ 7,959,734	\$ 32,734,520

The accompanying Notes to Financial Statements are an integral part of these statements.

WUNC PUBLIC RADIO, LLC

A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill

EXHIBIT B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Page 2 of 2

For the Years Ended June 30, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE:			
Corporation for Public Broadcasting ("CPB") grants	\$ -	\$ 711,241	\$ 711,241
Contributions	12,219,038	-	12,219,038
Contribution of nonfinancial assets	519,149	-	519,149
Tower rental	183,016	-	183,016
Interest income	398,490	-	398,490
Studio usage and other income	1,646	-	1,646
Change in fair value of investments	724,074	-	724,074
	14,045,413	711,241	14,756,654
Net assets released from restriction	958,128	(958,128)	-
TOTAL SUPPORT AND REVENUE	15,003,541	(246,887)	14,756,654
EXPENSES:			
Program services:			
Programming and production	7,675,180	-	7,675,180
Broadcasting	2,690,782	-	2,690,782
Total program services	10,365,962	-	10,365,962
Supporting services:			
Management and general	2,171,105	-	2,171,105
Fundraising	3,524,186	-	3,524,186
Total supporting services	5,695,291	-	5,695,291
Total functional expenses	16,061,253	-	16,061,253
Income tax expense	44,470	-	44,470
TOTAL EXPENSES	16,105,723	-	16,105,723
CHANGES IN NET ASSETS	(1,102,182)	(246,887)	(1,349,069)
NET ASSETS - BEGINNING OF YEAR	25,825,371	6,857,772	32,683,143
NET ASSETS - END OF YEAR	\$ 24,723,189	\$ 6,610,885	\$ 31,334,074

The accompanying Notes to Financial Statements are an integral part of these statements.

WUNC PUBLIC RADIO, LLC

A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill

EXHIBIT C

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Corporation for Public Broadcasting ("CPB") grants	\$ 879,048	\$ 711,241
Contributions	13,253,208	12,431,344
Tower rental	193,959	183,016
Interest on cash and cash equivalents	225,209	398,490
Studio usage	2,380	1,646
Programming and production	(7,498,601)	(7,519,383)
Broadcasting	(2,365,959)	(2,145,671)
Management and general	(1,936,792)	(2,023,670)
Fundraising	(3,333,732)	(3,369,601)
Income taxes paid	(38,111)	(44,470)
NET CASH USED BY OPERATING ACTIVITIES	(619,391)	(1,377,058)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment activity	1,132,407	(9,811,977)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of broadcast license	-	(45,000)
Purchases of capital assets	(730,367)	(787,773)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(730,367)	(832,773)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(217,351)	(12,021,808)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,979,433	22,001,241
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,762,082	\$ 9,979,433
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 1,400,446	\$ (1,349,069)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	386,140	367,801
Change in fair value of investments	(1,168,993)	(724,074)
Changes in assets and liabilities:		
Accounts receivable	85,153	(34,581)
Other receivables	-	-
Promises to give, net	(1,348,849)	246,887
Prepaid expenses	(68,679)	8,309
Right of use assets - operating leases	(2,210,766)	(53,462)
Accounts payable and accrued expenses	73,853	(55,493)
Accrued salaries and vacation	(47,243)	106,196
Unearned revenue	-	-
Operating lease liability	2,279,547	110,428
NET CASH USED BY OPERATING ACTIVITIES	\$ (619,391)	\$ (1,377,058)
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash Activities:		
Non-cash contributions	\$ 506,359	\$ 519,149

The accompanying Notes to Financial Statements are an integral part of these statements.

WUNC PUBLIC RADIO, LLC

A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill

EXHIBIT D

STATEMENTS OF FUNCTIONAL EXPENSES

Page 1 of 2

For the Years Ended June 30, 2025 and 2024

	2025						
	Program Services			Supporting Services			Totals
	Programming and Production	Broadcasting	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 3,200	\$ 3,996	\$ 7,196	\$ 123,285	\$ 123,870	\$ 247,155	\$ 254,351
Associated entity fee	-	-	-	22,000	-	22,000	22,000
Building and equipment rental	113	656,332	656,445	4,457	22	4,479	660,924
Depreciation	69,032	301,767	370,799	5,479	9,862	15,341	386,140
Dues, subscriptions, and memberships	68,884	1,085	69,969	34,841	12,770	47,611	117,580
Insurance	-	-	-	97,705	-	97,705	97,705
Maintenance contracts	-	43,404	43,404	-	-	-	43,404
Meetings and amenities	20,872	2,104	22,976	4,482	180,635	185,117	208,093
Other communications	3	35,747	35,750	-	-	-	35,750
Other expenses	-	89	89	9,247	10,054	19,301	19,390
Postage	60	6,309	6,369	711	215,280	215,991	222,360
Printing	5,484	-	5,484	384	208,128	208,512	213,996
Professional and contract services	252,777	229,882	482,659	618,589	574,964	1,193,553	1,676,212
Programming costs	2,047,790	-	2,047,790	-	-	-	2,047,790
Repairs and maintenance	-	66,314	66,314	150	-	150	66,464
Salaries and related benefits	5,055,744	1,029,711	6,085,455	1,234,662	1,664,129	2,898,791	8,984,246
Supplies and small equipment purchases	25,405	85,207	110,612	34,396	366,069	400,465	511,077
Telephone	16,442	243,672	260,114	-	34,640	34,640	294,754
Travel	15,718	6,317	22,035	4,401	4,117	8,518	30,553
Utilities	-	161,506	161,506	-	-	-	161,506
TOTAL FUNCTIONAL EXPENSES	\$ 7,581,524	\$ 2,873,442	\$ 10,454,966	\$ 2,194,789	\$ 3,404,540	\$ 5,599,329	\$ 16,054,295

The accompanying Notes to Financial Statements are an integral part of these statements.

WUNC PUBLIC RADIO, LLC

A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill

EXHIBIT D

STATEMENTS OF FUNCTIONAL EXPENSES

Page 2 of 2

For the Years Ended June 30, 2025 and 2024

	2024						
	Program Services			Supporting Services			Totals
	Programming and Production	Broadcasting	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 49,740	\$ 4,554	\$ 54,294	\$ 99,737	\$ 123,963	\$ 223,700	\$ 277,994
Associated entity fee	-	-	-	22,000	-	22,000	22,000
Building and equipment rental	25,214	507,886	533,100	5,012	-	5,012	538,112
Depreciation	69,198	283,225	352,423	5,492	9,886	15,378	367,801
Dues, subscriptions, and memberships	73,927	830	74,757	31,759	13,001	44,760	119,517
Insurance	-	-	-	92,789	-	92,789	92,789
Maintenance contracts	-	56,268	56,268	-	-	-	56,268
Meetings and amenities	29,570	2,063	31,633	14,660	176,694	191,354	222,987
Other communications	-	34,269	34,269	-	-	-	34,269
Other expenses	14,038	25	14,063	1,778	10,000	11,778	25,841
Postage	344	3,373	3,717	765	193,202	193,967	197,684
Printing	1,091	-	1,091	264	220,534	220,798	221,889
Professional and contract services	521,711	162,054	683,765	624,292	753,427	1,377,719	2,061,484
Programming costs	1,970,101	-	1,970,101	-	-	-	1,970,101
Repairs and maintenance	-	56,612	56,612	-	-	-	56,612
Salaries and related benefits	4,796,313	1,104,873	5,901,186	1,242,011	1,599,420	2,841,431	8,742,617
Supplies and small equipment purchases	48,740	98,956	147,696	25,466	382,145	407,611	555,307
Telephone	22,400	247,335	269,735	-	31,748	31,748	301,483
Travel	52,793	8,221	61,014	5,080	10,166	15,246	76,260
Utilities	-	120,238	120,238	-	-	-	120,238
TOTAL FUNCTIONAL EXPENSES	\$ 7,675,180	\$ 2,690,782	\$ 10,365,962	\$ 2,171,105	\$ 3,524,186	\$ 5,695,291	\$ 16,061,253

The accompanying Notes to Financial Statements are an integral part of these statements.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 1 of 15

NATURE OF ACTIVITIES

WUNC Public Radio, LLC (the “Station”) is operated by The University of North Carolina at Chapel Hill. Administrative offices and studio facilities are located in the Goodmon Building on the Friday Continuing Education Center campus. Studio facilities are also located in Raleigh and Durham, North Carolina. Additional broadcasting equipment is located in Chatham County, Rocky Mount, Columbia, Welcome, Chadbourne, and Laurinburg, North Carolina. WUNC Public Radio, LLC, was formed in May 2015. The Station still operates under the name “North Carolina Public Radio-WUNC.”

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Accounting.**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

The Station reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

B. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit with the University of North Carolina at Chapel Hill Temporary Investment Pool, which is a governmental external investment pool. The pool is uninsured under FDIC, but is invested in highly liquid securities including, but not limited to, U.S. Government securities.

C. Investments.

Investments are stated at their fair value. Donated securities and real estate are recorded at their fair value at the date of gift.

D. Underwriting.

Underwriting is considered a contribution to the Station, as donors sponsor specific programming. Underwriting receivable is recorded at net realizable value. An allowance for uncollectible underwriting receivable is based on management’s estimates and historical collection experience. No allowance has been recorded given that management considers the amounts to be fully collectible.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 2 of 15

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Promises to Give.

Unconditional promises to give are recognized as support and assets in the period received. Conditional promises to give are recognized when the conditions on which they depend 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 future years are recorded at the present value of their estimated future cash flows. An allowance for uncollectible promises to give is based on management's estimates and historical collection experience.

F. Capital Assets.

Capital assets are recorded at cost, and donated capital assets are recorded at fair value at the date of the gift. Property and equipment are capitalized if their life is expected to be greater than one year and their cost is \$5,000 or more. Depreciation is computed over estimated useful asset lives ranging from three to forty years using the straight-line method. Maintenance, repairs, and small equipment purchases are charged to expense when incurred.

G. Broadcasting Licenses.

Broadcast licenses are recorded at cost, are not subject to amortization, and are tested for impairment at least annually. At June 30, 2025 and 2024, management determined no impairment loss was required.

H. Classification of Net Assets.

Net assets, support and revenue, gains, and losses are classified based on the existence or absence of donor, grantor, or board-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources of the Station that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations and undesignated gifts, investments in property and equipment, and resources restricted by the Board.

With Donor Restrictions - Resources that carry donor-imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 3 of 15

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Revenue Recognition.

The Station recognizes revenue from contracts with customers under Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized as performance obligations with customers are satisfied, which can be at a point in time, or over time, depending on the contract.

J. Leases.

The Station determines if an arrangement is a lease at inception and reassesses if there are changes in terms and conditions of the contract. Operating leases are included in right-of-use assets - operating leases, and operating lease liabilities on the statements of financial position. Lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Station's leases do not provide an implicit rate, the Station uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Lease assets also include any lease payments made before lease commencement and initial direct costs and reduced for any lease incentives. In determining the lease term at lease commencement, the Station includes the noncancellable term and the periods which the Station deems it is reasonably certain to exercise or not to exercise a renewal or cancellation option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

K. Income Taxes.

The Station is a single-member limited liability company, owned by The University of North Carolina at Chapel Hill, which is a branch of the North Carolina state government. It is a disregarded entity for tax purposes, and therefore exempt from federal and state income taxes except for taxes associated with unrelated business income.

L. Advertising Costs.

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2025 and 2024, were \$254,351 and \$277,994, respectively.

M. 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences can be material.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 4 of 15

LIQUIDITY AND AVAILABILITY

The following represents the Station's current financial assets at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 9,762,082	\$ 9,979,433
Investments	10,619,389	10,582,803
Underwriting receivable	337,513	422,666
Promises to give, net	<u>7,949,734</u>	<u>6,600,885</u>
	28,668,718	27,585,787
Less amounts unavailable for general expenditures within one year, due to restrictions by donor and board	<u>(11,586,670)</u>	<u>(10,752,264)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 17,082,048</u></u>	<u><u>\$ 16,833,523</u></u>

The Station's programs are supported both by contributions with and without donor restrictions. Donors include individuals, corporations, and foundations. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Station must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Station's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

PROMISES TO GIVE

Promises to give for the years ended June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 8,786,647	\$ 7,505,897
Allowance for uncollectible pledges	<u>(836,913)</u>	<u>(905,012)</u>
	<u><u>\$ 7,949,734</u></u>	<u><u>\$ 6,600,885</u></u>

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 5 of 15

INVESTMENTS

All investments are invested in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. ("CHIF"). All investments of CHIF are comprised solely of shares in an external investment pool, UNC Investment Fund, LLC (the "Fund"). CHIF is not registered with the Securities and Exchange Commission and is not subject to formal oversight other than that provided by its Board. The Fund's Board approves the Fund's investment objectives and policies and the hiring of investment managers, and monitors its policy implementation and investment performance. Within the Fund, the fair value of all debt and equity securities with readily determinable fair values are based on quoted market prices. Investments for which a readily determinable fair value does not exist may include investments in private equity, hedge funds, and limited partnerships. These investments are carried at estimated fair values as provided by the respective fund managers of these investments. UNC Management Company, Inc., the manager of the Fund, reviews and evaluates the fair values provided by the respective fund managers as well as the valuation methods and assumptions used in determining the fair value of such investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed. Such differences could be material.

A derivative is a financial instrument created from, or whose value is derived from, the value of one or more underlying assets, reference rates, indexes, or asset values. These instruments may include forwards, futures, options, and currency and interest rate swaps. The Fund utilizes various external investment managers to identify specific investment funds and limited partnerships that meet asset allocation and investment management objectives. These managers and related funds are used to increase the yield and return on the investment portfolio given the available alternative investment opportunities and to diversify its asset holdings. Certain of these investments expose the Fund to market risk by trading or holding direct and indirect derivative securities and by leveraging the securities in the Fund. This risk is mitigated by the Fund's requirement that leveraged securities must be fully collateralized.

Indirect derivatives held by the Fund, (i.e. derivatives held by external investment managers) are primarily used to manage portfolio risk. The Fund's managers use indirect derivatives primarily to hedge underlying positions or to gain exposure to specific markets in an efficient, inexpensive, liquid, and diversified manner. By holding indirect derivatives, the Fund could be exposed to interest rate risk, credit risk, concentration of credit risk, and foreign currency risk. The Fund considers the risk associated with these holdings to be prudent and within acceptable bounds.

Investments at June 30, consist of the following:

	2025	2024
CHIF investments, at fair value	<u>\$ 10,619,389</u>	<u>\$ 10,582,803</u>

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 6 of 15

INVESTMENTS (CONTINUED)

At June 30, 2025 and 2024, the investment allocation of the Fund consists of the following:

	<u>2025</u>	<u>2024</u>
Long Biased Equity	24.8%	25.6%
Long / Short Equity	16.1%	14.9%
Diversifying Strategies	8.8%	9.1%
Fixed Income	5.6%	5.5%
Private Equity	33.1%	32.4%
Real Estate	8.1%	8.0%
Energy and Natural Resources	2.7%	3.5%
Cash	0.5%	0.6%
Other	0.3%	0.4%
	<u>100.0%</u>	<u>100.0%</u>

FAIR VALUE MEASUREMENT

Investments are presented in the financial statements at fair value determined in accordance with FASB Accounting Standards Codification Topic 820 (“ASC 820”), *Fair Value Measurement*. ASC 820 permits reporting entities, as a practical expedient, to estimate the fair value of their investments in certain entities that calculate net asset value (“NAV”) per share, by using NAV if the net asset value per share of the investment is calculated in a manner consistent with the measurement principles of FASB ASC Topic 946 (“ASC 946”), *Financial Services-Investment Companies*, as of the reporting entity’s measurement date.

The Station elects to use NAV as a practical expedient to estimate the fair value of its investments in CHIF. CHIF’s manager calculates NAV using fair value estimates of the underlying securities and other financial instruments. The estimated fair values of these underlying investments, which may include private placements and other securities for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Station’s investments in CHIF generally represents the amount the Station would expect to receive if it were to liquidate its investment excluding any redemption charges that may apply.

Determining whether CHIF’s manager has calculated NAV in a manner consistent with ASC 946 requires the Station to independently evaluate the fair value measurement process utilized to calculate the NAV. Such an evaluation is a matter of professional judgment and includes determining that CHIF’s manager has an effective process and related internal controls in place to estimate the fair value of its investments that are included in the calculation of NAV. The Station’s evaluation of the process used by the CHIF’s manager includes initial due diligence, ongoing due diligence, and financial reporting controls.

There were no changes during the years ending June 30, 2025 and 2024, to the Station’s valuation techniques used to measure asset values on a recurring basis.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 7 of 15

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Buildings	\$ 3,244,375	\$ 13,883	\$ -	\$ 3,258,258
Leasehold improvements	1,441,530	64,990	-	1,506,520
Antennas/ Transmitters/ Equipment	6,058,275	787,633	-	6,845,908
Vehicles	101,340	-	-	101,340
Construction in progress	136,139	-	(136,139)	-
Total	<u>10,981,659</u>	<u>866,506</u>	<u>(136,139)</u>	<u>11,712,026</u>
Less accumulated depreciation for:				
Buildings	1,939,265	82,257	-	2,021,522
Leasehold improvements	1,261,181	21,351	-	1,282,532
Antennas/ Transmitters/ Equipment	4,091,522	276,565	-	4,368,087
Vehicles	95,373	5,967	-	101,340
Total accumulated depreciation	<u>7,387,341</u>	<u>386,140</u>	<u>-</u>	<u>7,773,481</u>
Capital assets, net	<u><u>\$ 3,594,318</u></u>	<u><u>\$ 480,366</u></u>	<u><u>\$ (136,139)</u></u>	<u><u>\$ 3,938,545</u></u>

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 8 of 15

CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Buildings	\$ 3,150,150	\$ 94,225	\$ -	\$ 3,244,375
Leasehold improvements	1,505,022	-	(63,492)	1,441,530
Antennas/ Transmitters/ Equipment	5,206,109	852,166	-	6,058,275
Vehicles	101,340	-	-	101,340
Construction in progress	-	136,139	-	136,139
Total	<u>9,962,621</u>	<u>1,082,530</u>	<u>(63,492)</u>	<u>10,981,659</u>
Less accumulated depreciation for:				
Buildings	1,860,116	79,149	-	1,939,265
Leasehold improvements	1,302,932	21,741	(63,492)	1,261,181
Antennas/ Transmitters/ Equipment	3,833,560	257,962	-	4,091,522
Vehicles	86,424	8,949	-	95,373
Total accumulated depreciation	<u>7,083,032</u>	<u>367,801</u>	<u>(63,492)</u>	<u>7,387,341</u>
Capital assets, net	<u><u>\$ 2,879,589</u></u>	<u><u>\$ 714,729</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,594,318</u></u>

COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (“CPB”) is a private, nonprofit corporation, funded by federal appropriations authorized by the United States Congress and other sources. CPB distributes annual Community Service Grants to qualifying public communications entities. These grants are used to augment the financial resources of public radio stations and thereby to enhance the quality of programming and expand the scope of public radio services. Each grant may be expended over one or two federal fiscal years as described in the Communications Act 47, United States Code Annotated Section 396(k)(7), (1983) Supplement, and within two years of the initial grant authorization.

The Station uses these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities started with Community Service Grants awarded in prior years.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 9 of 15

COMMUNITY SERVICE GRANTS (CONTINUED)

The grants are reported in the accompanying financial statements as operating revenue; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission. For the years ended June 30, 2025 and 2024, \$809,048 and \$711,241, was received and expended under these grants, respectively. During the year ended June 30, 2025, the Station was also awarded a CPB grant to report on State Government in the amount of \$542,041.

INCOME TAX EXPENSE

The Station is subject to income tax on unrelated business income. Unrelated business income is any income generated by a trade or business that is not substantially related to the exercise of the Station's exempt purpose. When applicable, the Station is liable for unrelated business income tax on revenue generated from user fees charged to private companies renting space on broadcast towers. For the years ended June 30, 2025 and 2024, the Station was liable for unrelated income tax in the amount of \$38,111 and \$44,470, respectively.

NET ASSETS

Net assets with donor restrictions at June 30, 2025 and 2024, consist of the following:

	<u>2025</u>	<u>2024</u>
Time restricted:		
Promises to give without donor restrictions	<u>\$ 7,412,693</u>	<u>\$ 6,600,885</u>
Purpose restricted:		
Perpetuity restricted	10,000	10,000
Program restricted	<u>537,041</u>	<u>-</u>
	<u>547,041</u>	<u>10,000</u>
Net assets with donor restrictions	<u><u>\$ 7,959,734</u></u>	<u><u>\$ 6,610,885</u></u>

Board designated net assets at June 30, 2025 and 2024, totaled \$11,039,629 and \$10,742,264, respectively, and are held under a quasi-endowment fund. This quasi-endowment fund was established to generate a source of funds for future strategic programmatic and capital investments to advance in the Station's mission and goals.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 10 of 15

ENDOWMENTS

The Station's endowments were established for a variety of purposes. The endowments include donor-restricted endowment funds and board restricted quasi-endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law.

The Board of Directors of the Station has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Station classifies as net assets in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as net assets with or without donor restrictions until those amounts are appropriated for expenditure by the Station in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters.

The Station has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Station must hold in perpetuity or for a donor-specified period. The Station expects its endowment funds, over time, to provide an average rate of return of approximately 5.5% plus inflation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives.

The Station relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Station makes investments in CHIF.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 11 of 15

ENDOWMENTS (CONTINUED)

Funds with Deficiencies.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that SPMIFA requires to retain as a fund of perpetual duration. At June 30, 2025 and 2024, no endowment funds were below the required amount.

The changes in endowment net assets for the year ended June 30, 2025, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
June 30, 2024	\$ 10,760,742	\$ 10,000	\$ 10,770,742
Investment return	1,168,383	-	1,168,383
Net additions (withdrawals)	(867,860)	-	(867,860)
Expenditures	(1,534)	-	(1,534)
June 30, 2025	<u>\$ 11,059,731</u>	<u>\$ 10,000</u>	<u>\$ 11,069,731</u>

The changes in endowment net assets for the year ended June 30, 2024, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
June 30, 2023	\$ 16,121	\$ 10,000	\$ 26,121
Investment return	746,071	-	746,071
Net additions (withdrawals)	10,000,000	-	10,000,000
Expenditures	(1,450)	-	(1,450)
June 30, 2024	<u>\$ 10,760,742</u>	<u>\$ 10,000</u>	<u>\$ 10,770,742</u>

WUNC PUBLIC RADIO, LLC

**A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill**

NOTES TO FINANCIAL STATEMENTS

Page 12 of 15

RETIREMENT PLAN

Each permanent full-time employee, as a condition of employment, is a member of either the Teacher's and State Employees Retirement System of North Carolina (the "System") or the Optional Retirement Program (the "Program"). The System is a cost sharing, multiple-employer defined benefit pension plan established by the North Carolina General Statutes and administered by the State. The policy of the Station is to fund its portion of pension costs accrued for this System as determined by the State. Contributions to the System plan are based on a percentage of the employee's salary. The contributions to the System plan totaled \$734,882 and \$728,196, for the years ended June 30, 2025 and 2024, respectively. The Program is a defined contribution retirement plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Employer and member contributions are set each year by the North Carolina General Assembly. Contributions to the Program plan totaled \$477,255 and \$432,403, for the years ended June 30, 2025 and 2024, respectively.

CONTRIBUTION OF NONFINANCIAL ASSETS

The Station recognizes contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year, the Station received significant amounts of professional services in exchange for underwriting recognition on air. For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities and changes in net assets included:

	2025	2024
Facilities rent	\$ 161,483	\$ 159,178
Advertising	123,242	99,743
Operating and fundraising supplies	49,850	66,340
Contract services	126,339	143,476
Utilities	30,198	36,641
Printing	8,392	9,356
Dues	6,855	4,415
	<u>\$ 506,359</u>	<u>\$ 519,149</u>

All contributed nonfinancial assets were utilized during the year they were received for various programs, as well as general management and fundraising purposes. There were no donor-imposed restrictions associated with the contributed nonfinancial assets. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

During the years ended June 30, 2025 and 2024, the Station received significant amounts of personal services from volunteers that did not meet the requirements above for recognition in the financial statements.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 13 of 15

UNIVERSITY OF NORTH CAROLINA SUPPORT

The University of North Carolina at Chapel Hill (the “University”) provides indirect administrative support to the Station. This support is in the form of assistance, guidance, and service in areas of management, accounting, budget, legal, purchasing, and physical plant operations. The Station paid the University \$22,000 for these services for each year ended June 30, 2025 and 2024. The University also provides electrical services at no cost that totaled \$30,198 and \$36,641, for the years ended June 30, 2025 and 2024, respectively.

LEASES

The Station is obligated under six lease agreements for office and studio space, and ground space for towers in various parts of North Carolina. The agreements are non-cancellable and accounted for as operating leases, many of which contain renewal and rent escalation clauses. The leases expire at various dates through June 2060, which includes the optional renewal periods. Other information related to the leases is as follows:

	<u>2025</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases:	\$ 240,469
Right-of-use assets obtained in exchange for lease obligations upon adoption:	
Operating leases:	\$ 2,408,630
Weighted-average remaining lease term (in years):	
Operating leases:	13.60
Weighted-average discount rate:	
Operating leases:	4.28%

The Station received partial rent credit for two locations for office and studio space, in exchange for underwriting recognition on air. This credit amount was \$161,483 and \$159,178, for the years ended June 30, 2025 and 2024, respectively.

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 14 of 15

LEASES (CONTINUED)

Minimum future payments for all leases as of June 30, 2025, were as follows:

<u>Year ending June 30,</u>	
2026	\$ 499,210
2027	515,550
2028	490,126
2029	494,160
2030	530,166
Thereafter	<u>1,990,284</u>
Total future minimum lease payments	4,519,496
Less present value discount	<u>(1,025,569)</u>
Total lease liability	<u><u>\$ 3,493,927</u></u>
Reported as of June 30, 2025:	
Current lease liability	\$ 299,122
Other lease liability	<u>3,194,805</u>
Total lease liability	<u><u>\$ 3,493,927</u></u>

Lease costs for the years ended June 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating lease cost	\$ 332,124	\$ 160,936
Short-term lease cost	29,634	116,892
Non-lease component cost	137,683	101,106
Trade	<u>161,483</u>	<u>159,178</u>
	<u><u>\$ 660,924</u></u>	<u><u>\$ 538,112</u></u>

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity Operated by
The University of North Carolina at Chapel Hill
NOTES TO FINANCIAL STATEMENTS

Page 15 of 15

TOWER RENTAL

The Station leases tower space to various cell phone companies for their equipment. Lease agreements expire at various times between 2027 and 2037, including automatic renewal period. Future minimum lease receipts are as follows:

<u>Year ending June 30,</u>	
2026	\$ 189,312
2027	165,391
2028	133,061
2029	133,061
2030	139,410
Thereafter	768,329
	<u>\$ 1,528,564</u>

PROGRAMMING COSTS

Programming costs consist of the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
National Public Radio	\$ 1,711,621	\$ 1,591,914
American Public Media	188,870	183,772
PRX	67,562	65,268
Other	79,737	129,147
	<u>\$ 2,047,790</u>	<u>\$ 1,970,101</u>

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expense by function. Costs have been directly coded to program and supporting services as incurred.

SUBSEQUENT EVENTS

The Federal Rescission Act of 2025 eliminated all CPB funding for fiscal years 2026 and forward. Because of this, CPB has begun to wind down activities, and the Station will no longer be receiving any community service grants or other grants from CPB in the future.

Management has evaluated subsequent events for recognition or disclosure through October 30, 2025, which was the date that the financial statements were available to be issued. Management did not identify any other subsequent events that require disclosure.