Friends of Public Radio, Inc.
d/b/a WHQR 91.3 FM

Financial Statements

For the Year Ended June 30, 2026

(with Comparative Totals for 2025)

EARNEY
Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

Opinion

We have audited the accompanying financial statements of Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses, and cash flows for the year 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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM as of June 30, 2026, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM'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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM'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.

Report on Summarized Comparative Information

We have previously audited Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wilmington, North Carolina
October 15, 2026

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

Statement of Financial Position

As of June 30, 2026

	2026				2025
	Without Donor Restrictions		With Donor		Comparative
	Operations	Quasi-Endowment	Restrictions	Total	Total
ASSETS					
Current Assets					
Cash & cash equivalents	$ 438,201	$ -	$ -	$ 438,201	$ 302,838
Investments (Note 7)	646,326	-	-	646,326	569,326
Receivables, net of					
$3,600 allowance for uncollectible	80,494	-	-	80,494	94,044
Pledges receivable - current, net of					
$600 allowance for uncollectible	53,765	-	-	53,765	22,570
Prepaid expenses	5,000	-	-	5,000	2,942
Assets whose use is limited (Note 7)	399,798	1,027,083	-	1,426,881	719,158
Total Current Assets	1,623,584	1,027,083	-	2,650,667	1,710,878
Net property (Note 2)	982,524	-	-	982,524	1,011,430
Other Assets					
Right-of-use assets (Note 5)	101,411	-	-	101,411	102,908
Other assets (Note 8)	70,000	-	-	70,000	70,000
Total Other Assets	171,411	-	-	171,411	172,908
Total Assets	$ 2,777,519	$ 1,027,083	$ -	$ 3,804,602	$ 2,895,216
LIABILITIES & NET ASSETS					
Current Liabilities					
Accounts payable & accrued expenses	$ 33,333	$ -	$ -	$ 33,333	$ 39,308
Current maturities of note payable (Note 4)	28,388	-	-	28,388	27,090
Short-term operating lease liabilities (Note 5)	13,172	-	-	13,172	10,561
Total Current Liabilities	74,893	-	-	74,893	76,959
Long-Term Liabilities					
Long-term note payable (Note 4)	182,677	-	-	182,677	210,872
Long-term operating lease liabilities (Note 5)	91,238	-	-	91,238	95,346
Total Long-Term Liabilities	273,915	-	-	273,915	306,218
Total Liabilities	348,808	-	-	348,808	383,177
Net Assets					
Without donor restrictions	2,028,913	-	-	2,028,913	1,792,881
Board-designated without donor restrictions	399,798	1,027,083	-	1,426,881	719,158
With donor restrictions	-	-	-	-	-
Total Net Assets	2,428,711	1,027,083	-	3,455,794	2,512,039
Total Liabilities & Net Assets	$ 2,777,519	$ 1,027,083	$ -	$ 3,804,602	$ 2,895,216

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

Statement of Activities

For the Year Ended June 30, 2026

	2026				2025
	Without Donor Restrictions		With Donor		Comparative
	Operations	Quasi-Endowment	Restrictions	Total	Total
SUPPORT & REVENUE					
Corporation for Public Broadcasting - operating	$ 31,505	$ -	$ -	$ 31,505	$ 174,176
Contributions	1,982,144	-	130,053	2,112,197	1,380,629
Program underwriting	415,452	-	-	415,452	466,128
In-kind contributions	38,082	-	-	38,082	38,082
Special events, net	94,222	-	-	94,222	103,601
Insurance proceeds	-	-	-	-	26,365
Other revenue	-	-	-	-	8,776
Net assets released from restriction	130,053	-	(130,053)	-	-
Total Support & Revenue	2,691,458	-	-	2,691,458	2,197,757
EXPENSES					
Program	1,286,070	-	-	1,286,070	1,331,720
Administrative	257,589	-	-	257,589	279,651
Fundraising	383,145	-	-	383,145	426,148
Total Expenses	1,926,804	-	-	1,926,804	2,037,519
Increase (Decrease) in Net Assets From Operating Activities	764,654	-	-	764,654	160,238
INVESTMENT ACTIVITIES					
Unrealized/realized gain (loss)	37,933	98,380	-	136,313	63,631
Investment income (loss)	36,622	11,655	-	48,277	49,399
Investment fees	(2,384)	(3,105)	-	(5,489)	(4,183)
Net Investment Activities	72,171	106,930	-	179,101	108,847
Change in Net Assets	836,825	106,930	-	943,755	269,085
Net Assets, Beginning	2,052,284	459,755	-	2,512,039	2,242,954
Transfers	(460,398)	460,398	-	-	-
Net Assets, Ending	$ 2,428,711	$ 1,027,083	$ -	$ 3,455,794	$ 2,512,039

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

Statement of Functional Expenses

For the Year Ended June 30, 2026

	2026				2025 Comparative
	Program	Administrative	Fundraising	Total	Total
Operating Expenses					
Salaries	$ 342,820	$ 178,863	$ 223,579	$ 745,262	$ 774,179
Employee benefits	50,990	31,868	44,616	127,474	104,599
Payroll taxes	23,206	14,504	20,304	58,014	59,977
Total Salaries & Related Expenses	417,016	225,235	288,499	930,750	938,755
Major gifts expense	-	-	9,324	9,324	6,726
Membership	1,778	-	57,482	59,260	59,220
National Public Radio	365,123	-	-	365,123	383,299
Other radio expenses	53,750	-	-	53,750	53,610
Utilities	37,727	2,096	2,096	41,919	43,465
Other station expenses	184,676	21,727	10,863	217,266	308,968
Contract staffing	64,396	664	1,328	66,388	61,887
Underwriting expenses	-	-	2,613	2,613	2,212
In-kind expenses	33,302	-	3,700	37,002	37,002
Total Operating Expenses	1,157,768	249,722	375,905	1,783,395	1,895,144
Property Expenses					
Interest	9,126	1,073	537	10,736	11,982
Depreciation	118,993	6,611	6,611	132,215	120,234
Total Property Expenses	128,119	7,684	7,148	142,951	132,216
Investment fees	2,378	2,378	1,190	5,946	13,663
Special events	-	-	43,982	43,982	24,165
Total Functional Expenses	1,288,265	259,784	428,225	1,976,274	2,065,188
Investment fees in investment activities	(2,195)	(2,195)	(1,098)	(5,488)	(4,183)
Special events net in revenue	-	-	(43,982)	(43,982)	(24,165)
Total Statement of Activities Expenses	$ 1,286,070	$ 257,589	$ 383,145	$ 1,926,804	$ 2,036,840

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

Statement of Functional Expenses

For the Year Ended June 30, 2025

	2025			
	Program	Administrative	Fundraising	Total
Operating Expenses				
Salaries	$ 309,672	$ 193,545	$ 270,962	$ 774,179
Employee benefits	41,839	26,150	36,610	104,599
Payroll taxes	23,991	14,994	20,992	59,977
Total Salaries & Related Expenses	375,502	234,689	328,564	938,755
Major gifts expense	-	-	6,726	6,726
Membership	1,777	-	57,443	59,220
National Public Radio	383,299	-	-	383,299
Other radio expenses	53,610	-	-	53,610
Utilities	39,119	2,173	2,173	43,465
Other station expenses	262,623	30,897	15,448	308,968
Contract staffing	60,030	619	1,238	61,887
Underwriting expenses	-	-	2,212	2,212
In-kind expenses	33,302	-	3,700	37,002
Total Operating Expenses	1,209,262	268,378	417,504	1,895,144
Property Expenses				
Interest	10,185	1,198	599	11,982
Depreciation	108,210	6,012	6,012	120,234
Total Property Expenses	118,395	7,210	6,611	132,216
Investment fees	5,465	5,465	2,733	13,663
Special events	-	-	24,165	24,165
Total Functional Expenses	1,333,122	281,053	451,013	2,065,188
Investment fees in investment activities	(1,674)	(1,674)	(835)	(4,183)
Special events net in revenue	-	-	(24,165)	(24,165)
Total Statement of Activities Expenses	$ 1,331,448	$ 279,379	$ 426,013	$ 2,036,840

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

Statement of Cash Flows

For the Year Ended June 30, 2026

	2026				2025
	Without Donor Restrictions		With Donor		Comparative
	Operations	Quasi-Endowment	Restrictions	Total	Total
Cash Flows From Operating Activities					
Cash Collections for:					
Support & revenue	$ 2,506,758	$ -	$ 130,053	$ 2,636,811	$ 2,336,526
Less: Cash Payments for:					
Salaries & related expenses	(930,750)	-	-	(930,750)	(938,755)
Other expenses	(818,870)	-	-	(818,870)	(1,015,775)
Net assets released from restriction	130,053	-	(130,053)	-	-
Net Cash Provided (Used)					
By Operating Activities	887,191	-	-	887,191	381,996
Cash Flows From Investing Activities					
Purchase of property & equipment	(103,309)	-	-	(103,309)	(172,675)
(Purchases) proceeds of investments, net	(161,223)	(460,399)	-	(621,622)	10,862
Net Cash Provided (Used)					
By Investing Activities	(264,532)	(460,399)	-	(724,931)	(161,813)
Cash Flows From Financing Activities					
Payments reducing note payable	(26,897)	-	-	(26,897)	(25,650)
Transfers to (from) operations	(460,399)	460,399	-	-	-
Net Cash Provided (Used)					
By Financing Activities	(487,296)	460,399	-	(26,897)	(25,650)
Net Increase (Decrease) in Cash	135,363	-	-	135,363	194,533
Cash & Cash Equivalents, Beginning	302,838	-	-	302,838	108,305
Cash & Cash Equivalents, Ending	$ 438,201	$ -	$ -	$ 438,201	$ 302,838
Reconciliation of Change in Net					
Assets to Cash Provided (Used)					
By Operating Activities:					
Change in net assets	$ 836,825	$ 106,930	$ -	$ 943,755	$ 269,085
Depreciation	132,215	-	-	132,215	120,234
Unrealized/realized (gain) loss	(37,933)	(98,380)	-	(136,313)	(63,631)
Investment (income) loss, net of fees	(34,238)	(8,550)	-	(42,788)	(45,895)
Lease amortization	16,000	-	-	16,000	12,800
Change in Current Assets					
& Liabilities (Use) Source:					
Receivables	(17,645)	-	-	(17,645)	80,211
Prepaid expenses	(2,058)	-	-	(2,058)	(113)
Accounts payable	(5,975)	-	-	(5,975)	9,305
Net Cash Provided (Used)					
By Operating Activities	$ 887,191	$ -	$ -	$ 887,191	$ 381,996
Supplemental Disclosure					
Interest paid				$ 10,736	$ 11,982
Income taxes paid				$ -	$ -

The Accompanying Notes are an Integral Part of these Financial Statements

1. DESCRIPTION OF ORGANIZATION

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM (the "Station"), a non-profit corporation organized under the laws of North Carolina, was established for the purpose of operating WHQR 91.3 FM, a public radio broadcasting station transmitting from Wilmington, North Carolina. The Station's support comes primarily from individual donors' contributions and various government and art agency grants.

The majority of the Station's contributions and grants are received from corporations, foundations, and individuals located in the southeastern North Carolina area. As such, the Station's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of North Carolina. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Station's services.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Station prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. Accordingly, support and revenue are recognized when earned and expenses are recorded when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Station's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Station's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated net assets for a board-designated reserve from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, which is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2026 and 2025, there were no net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts and certificates of deposit with maturities of less than three months. From time to time during the periods presented, the Station has had cash balances in financial institutions that have exceeded federal depository insurance limits. The Station deposits its cash with high quality institutions, and management believes the Station is not exposed to significant credit risk on those amounts.

Cash and cash equivalents are as follows as of June 30:

	2026	2025
Truist Bank Operating	$ 436,997	$ 301,663
Operations Checking	195	195
Live Oak Bank Business Savings	1,009	980
Total Cash & Cash Equivalents	$ 438,201	$ 302,838

Accounts Receivable and Pledges Receivable

The Station's allowance estimate is derived from a review of its historical losses based on the aging of receivables. The estimate is adjusted for the Station's assessment of current conditions, reasonable and supportable forecasts regarding future events, and other factors deemed relevant by the Station. Based on experience, management has determined that an allowance for credit losses of $4,200 is reasonable for June 30, 2026 and 2025.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The Station reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by U.S. GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Station has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The primary use for fair value measures in the Station's financial statements is for recurring measurement of investments (Note 7).

Property and Equipment

Buildings and equipment are reported in the statement of financial position at cost if purchased and at fair value at the date of donation if donated. All buildings are capitalized. Equipment is capitalized if it has a cost of $2,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings & leasehold improvements	5-39 years
Office furniture	7-20 years
Equipment	3-10 years
Technology	3-5 years

Buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period. The following is a summary of property accounts as of June 30:

	2026	2025
Broadcast equipment	$ 1,306,922	$ 1,205,391
Leasehold improvements	387,796	387,796
Station renovation	327,970	327,970
Warwick Building	615,133	615,133
Office furniture	57,058	57,058
Technology	49,736	47,958
Vehicles	2,500	2,500
	2,747,115	2,643,806
Less: Accumulated depreciation	(1,764,591)	(1,632,376)
Net Property	$ 982,524	$ 1,011,430

Leases

The Station determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, short-term operating lease liabilities, and long-term operating lease liabilities on the Station's statement of financial position. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The rates implicit within the Station's leases are generally not determinable; therefore, the Station uses judgment to determine the incremental borrowing rate used to calculate the present value of lease payments. The incremental borrowing rate is determined using information available related to similar terms and payments as of the commencement date. ROU assets are assessed for impairment in accordance with the Station's accounting policy for long-lived assets. The Station's lease terms include options to extend or terminate. The period which is subject to an option to extend the lease is included in the lease term if it is reasonably certain that the option will be exercised. The period which is subject to an option to terminate the lease is included in the contract if it is reasonably certain that the option will not be exercised. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. For all material classes of leased assets, the Station does not separate lease components from non-lease components, and accounts for both components as a single lease component.

Support and Revenue Recognition

Support and revenue are recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

The Station periodically receives contributions in a form other than cash or investments. If the Station receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Station's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The Station benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Station's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

The Station received in-kind services provided by UNCW interns valued at $37,002 for the year ended June 30, 2026 and $37,002 for the year ended June 30, 2025.

Expense Recognition and Allocation

The cost of providing the Station's programs and other activities is summarized on a functional basis in the statement of activities and statements of functional expenses. Total expenses for the year ended June 30, 2026 were $1,926,804. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using objective bases, such as time spent, salaries, square feet, and other bases.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Station. Administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising costs are expensed as incurred even though they may result in contributions received in future years. The Station generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Station's audited financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Income Taxes

The Station is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is exempt from income taxes on related income pursuant to Section 501(a) of the Code and contributions may be deductible to donors. The Station files Form 990 with the Internal Revenue Service (IRS) annually; those forms are generally subject to examination by the IRS for a period of up to three years after they are filed.

Subsequent Events

Subsequent events have been evaluated through October 15, 2026, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet general expenditures over the next 12 months are as follows as of June 30:

	2026	2025
Operating Assets at Year End:		
Cash & cash equivalents	$ 438,201	$ 302,838
Investments	646,326	569,326
Pledges & other receivables	134,259	116,614
Total Operating Assets at Year End	1,218,786	988,778
Plus: Net assets with purpose or time restrictions to be met in less than a year	-	-
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ 1,218,786	$ 988,778

The Station operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The accompanying statement of cash flows on page 8 identifies the sources and uses of cash and shows positive cash generated by operations. The Station regularly monitors liquidity required to meet its operating needs and other contractual commitments.

4. NOTE PAYABLE

The Station had a note payable from Truist Bank that was dated August 22, 2014, and the original face amount was $510,000. The proceeds were used to purchase the Station's facility at 254 North Front Street, Unit 301, Wilmington, North Carolina (3rd floor of the Warwick Building).

The note with Truist Bank requires principal and interest payments of $3,136 per month until April 2033, with all remaining principal and accrued interest due at that time. The interest rate is fixed at 4.69%. The note payable is collateralized by the Station's facility.

The balance outstanding as of June 30, 2026 was $211,065. Future maturities are summarized as follows for the years ending June 30:

	Amount Due
2027	$ 28,388
2028	29,748
2029	31,174
2030	32,667
2031	34,233
Thereafter	54,855
Total	211,065
Less: Current maturities	(28,388)
Long-Term Note Payable	$ 182,677

5. LEASES

The Station leases tower space in two different counties within the Station's listening area. Leased space on these towers is used to place certain pieces of transmitting equipment. The leases specify terms spanning multiple years and monthly rates ranging from $90 to $750 with increases over time.

As of June 30, 2026, the statement of financial position includes $101,411 of right-of-use assets, $13,172 of short-term operating lease liabilities, and $91,238 of long-term operating lease liabilities.

The components of the lease expense are as follows for the year ended June 30:

	2026
Operating lease expense	$ 16,000
Total	$ 16,000

Supplemental information related to the leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	16,000
ROU assets obtained in exchange for new operating lease liabilities	$	-
Weighted-average remaining lease term in years for operating leases		12.24
Weighted-average discount rate for operating leases		3.11%

Future minimum lease payments under non-cancellable leases are as follows:

For the Years Ending June 30	Operating
2027	$ 16,200
2028	16,326
2029	16,326
2030	16,326
2031	5,626
Thereafter	55,890
Total Undiscounted Cash Flows	126,694
Less: Present value discount	(22,284)
Total Lease Liabilities	$ 104,410

6. CORPORATION FOR PUBLIC BROADCASTING

The Corporation for Public Broadcasting (CPB) is a private, non-profit, grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. The Station uses these funds for purposes relating primarily to production and acquisition of programming.

The CSGs received and expended by the Station were $31,505 for the year ended June 30, 2026 and $174,176 for the year ended June 30, 2025. The total received is approximately 1.1% for the year ended June 30, 2026 and 7.9% for the year ended June 30, 2025 of the Station's total support and revenue. A significant reduction in the level of this support, if this were to occur, could have a significant effect on the Station's programs and activities. They have received more support from other avenues to make up the difference.

7. INVESTMENTS

The Board of Directors has set aside certain investment resources designated as a Quasi-endowment and a board-designated fund. The Station's investment objective is to maintain the purchasing power of the assets, as well as to provide additional real growth through investment return with an acceptable level of risk. The endowment invests in cash and cash equivalents and mutual funds. These assets are recorded at their fair market value.

Changes in investments are as follows as of June 30:

	2026			
	Investment	Board-Designated Fund	Quasi-Endowment	Total
Investments, beginning	$ 569,326	$ 259,403	$ 459,755	$ 1,288,484
Contributions	45,711	100,000	460,399	606,110
Investment income	27,649	8,945	11,655	48,249
Net appreciation (depreciation)	4,538	32,936	98,380	135,854
Advisory fees	(898)	(1,486)	(3,105)	(5,489)
Released to be used	-	-	-	-
Investments, ending	$ 646,326	$ 399,798	$ 1,027,084	$ 2,073,208

	2025			
	Investment	Board-Designated Fund	Quasi-Endowment	Total
Investments, beginning	$ 515,517	$ 291,550	$ 397,195	$ 1,204,262
Contributions	10,908	-	10,500	21,408
Investment income	51,639	8,773	9,113	69,525
Net appreciation (depreciation)	(8,059)	16,298	45,233	53,472
Advisory fees	(679)	(1,218)	(2,286)	(4,183)
Released to be used	-	(56,000)	-	(56,000)
Investments, ending	$ 569,326	$ 259,403	$ 459,755	$ 1,288,484

Investment composition is as follows as of June 30:

	2026	2025
Cash	$ 577,320	$ 314,826
Mutual funds	1,495,888	973,658
Total Investments	$ 2,073,208	$ 1,288,484

As of June 30, 2026 and 2025, all investments were considered Level 1 investments.

8. OTHER ASSETS

On September 11, 2014, the Station executed an agreement with Conner Media Corporation to purchase licenses and other intangible assets of FM Translator Station W243CX at a cost of $45,000. On May 15, 2016, another FM translator was purchased for $25,000, which enables the Station to offer its listeners an additional, all classical radio station. The assets have indefinite lives and, therefore, have not been amortized. These assets are reviewed for impairment when a significant change in the asset's use or other indicators of possible impairment are present. Management believes there are no indicators of possible impairment for the year ended June 30, 2026.

9. RETIREMENT PLAN

The Station has adopted a defined contribution retirement plan (tax deferred annuity). For full-time employees, the Station matches a participant's salary reduction contribution (minimum of 2% of employee salary) up to 5% of the participant's salary. The Station's total matching contributions were $25,418 in fiscal year 2026 and $23,056 in fiscal year 2025.

10.PLEDGES RECEIVABLE

In fiscal year 2012, the Station initiated a major fundraising campaign, the purpose of which is to strengthen program services, engage the community, build a sustainable organization, and unleash the power of technology to benefit the audience and community. The Station had a $1,500,000 capital campaign goal, which was achieved during fiscal year 2017. As of June 30, 2024, the capital campaign was completed. There are pledges receivable of $54,365. The allowance for uncollectible receivables is $600. Thus, the net amount of pledges receivable is $53,765.

11.RISK MANAGEMENT

From time to time, the Station may be aware of various asserted and unasserted claims. Management feels that these claims can be successfully defended and intends to resist the allegations of these matters in every way and does not plan to seek out-of-court settlements. In the event that judgments adverse to the Station's interest were to be rendered, management feels any liability will be fully covered by existing insurance or not be material to the financial statements.

The Station is exposed to various risks of loss in the ordinary course of business as a result of torts, theft of, damage to, or destruction of assets, business interruption, allegations of liability, natural disasters, employee and officer errors and omissions, and employee workers' compensation and medical claims.

The Station purchases commercial insurance coverage against risk of loss due to property damage, theft, and various other insurable risks. In 2026, the Station carries property insurance in the amount of $1,289,371 for personal property with a deductible of $5,000 for all perils except flood, earthquake, windstorm, or hail. The Station carries inland marine insurance for all peril on outside equipment in the amount of $313,138 with a deductible of $1,000. The Station carries wind insurance in the amount of $957,100 with a deductible of 1% of the coverage limit. The Station carries commercial general liability insurance with $2,000,000 aggregate and a per occurrence limit of $1,000,000. The Station also carries a $2,000,000 umbrella liability policy, a $5,000,000 directors and officers liability policy, and a $1,000,000 media professional liability policy.

No claim payment has exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions noted above.