



Iowa Public Radio, Inc.

Audited Financial Statements for the Years Ended June 30, 2025 and 2024
And Independent Auditor's Report

IOWA PUBLIC RADIO, INC.

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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iowa Public Radio

Opinion

We have audited the financial statements of Iowa Public Radio, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its 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 (GAAS). 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 the Organization 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.

Other Matter

The financial statements of the Organization for the year ended June 30, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on October 10, 2024.

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 the Organization's ability to continue as a going concern for 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 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 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.

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive.

West Des Moines, Iowa
December 18, 2025

IOWA PUBLIC RADIO, INC.

Statements of Financial Position As of June 30, 2025 and 2024

| | 2025 | 2024 |
|--|---------------|---------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,133,860 | \$ 1,266,362 |
| Investments | 4,741,929 | 4,557,407 |
| Accounts receivable | 15,674 | 6,804 |
| Grants receivable | 27,360 | 28,748 |
| Underwriting receivable, net | 146,977 | 168,040 |
| Unconditional promises to give, net | 263,283 | 341,510 |
| Prepaid expenses | 179,547 | 179,470 |
| Inventory | 52,779 | 50,361 |
| Total current assets | 6,561,409 | 6,598,702 |
| PROPERTY AND EQUIPMENT, NET | 1,484,853 | 1,793,341 |
| RIGHT OF USE ASSETS | 1,754,694 | 1,646,474 |
| OTHER ASSETS | | |
| Restricted cash and cash equivalents | 1,951,415 | 2,207,000 |
| Unconditional promises to give, net | 227,023 | 601,021 |
| Broadcast licenses | 100,000 | 100,000 |
| Endowment investments | 4,418,792 | 2,967,706 |
| Endowment unconditional promises to give | 37,400 | 110,100 |
| Total other assets | 6,734,630 | 5,985,827 |
| Total assets | \$ 16,535,586 | \$ 16,024,344 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 78,047 | \$ 187,325 |
| Current portion of lease liability | 357,467 | 458,664 |
| Deferred underwriting revenue | 88,291 | 82,646 |
| Accrued compensated absences | 545,922 | 545,239 |
| Total current liabilities | 1,069,727 | 1,273,874 |
| NONCURRENT LIABILITIES | | |
| Lease liability, net of current portion | 1,429,909 | 1,264,657 |
| Total liabilities | 2,499,636 | 2,538,531 |
| NET ASSETS | | |
| Without donor restrictions | 8,975,125 | 8,374,162 |
| With donor restrictions | 5,060,825 | 5,111,651 |
| Total net assets | 14,035,950 | 13,485,813 |
| Total liabilities and net assets | \$ 16,535,586 | \$ 16,024,344 |

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

IOWA PUBLIC RADIO, INC.

Statements of Activities

For the Years Ended June 30, 2025 and 2024

| | 2025 | | | 2024 | | |
|--|-------------------------------|----------------------------|---------------|-------------------------------|----------------------------|---------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE, SUPPORT AND GAINS | | | | | | |
| Contributions and memberships | \$ 5,411,292 | \$ 7,300 | \$ 5,418,592 | \$ 4,952,456 | \$ 7,294 | \$ 4,959,750 |
| Major gifts and grants | 1,371,878 | 124,661 | 1,496,539 | 1,488,639 | 59,200 | 1,547,839 |
| Campaign contributions | - | 76,971 | 76,971 | 40,830 | 474,113 | 514,943 |
| Underwriting and digital sponsorships | 1,673,407 | - | 1,673,407 | 1,800,056 | - | 1,800,056 |
| Corporation for Public Broadcasting grants | 997,448 | - | 997,448 | 930,718 | - | 930,718 |
| Special events | 47,871 | - | 47,871 | 9,382 | - | 9,382 |
| Other income | 34,548 | - | 34,548 | 37,904 | - | 37,904 |
| Investment return, net | 544,311 | 246,464 | 790,775 | 184,974 | 77,028 | 262,002 |
| Gain (loss) on disposal of assets | (189) | - | (189) | 6,425 | - | 6,425 |
| Net assets released from restrictions | 506,222 | (506,222) | - | 698,635 | (698,635) | - |
| Total revenue, support and gains | 10,586,788 | (50,826) | 10,535,962 | 10,150,019 | (81,000) | 10,069,019 |
| EXPENSES AND OTHER | | | | | | |
| Program services expense | | | | | | |
| Programming and production | 4,399,334 | - | 4,399,334 | 4,104,663 | - | 4,104,663 |
| Broadcasting and engineering | 2,592,905 | - | 2,592,905 | 2,249,434 | - | 2,249,434 |
| Program information and promotion | 197,105 | - | 197,105 | 323,023 | - | 323,023 |
| Total program services expense | 7,189,344 | - | 7,189,344 | 6,677,120 | - | 6,677,120 |
| Support services expense | | | | | | |
| Management and general | 1,142,941 | - | 1,142,941 | 1,228,419 | - | 1,228,419 |
| Fundraising and underwriting | 1,651,258 | - | 1,651,258 | 1,622,737 | - | 1,622,737 |
| Total support services expense | 2,794,199 | - | 2,794,199 | 2,851,156 | - | 2,851,156 |
| Total expenses | 9,983,543 | - | 9,983,543 | 9,528,276 | - | 9,528,276 |
| Loss on uncollectible receivables | 2,282 | - | 2,282 | 3,654 | - | 3,654 |
| Total expenses and other | 9,985,825 | - | 9,985,825 | 9,531,930 | - | 9,531,930 |
| Change in net assets | 600,963 | (50,826) | 550,137 | 618,089 | (81,000) | 537,089 |
| Net assets - beginning of year | 8,374,162 | 5,111,651 | 13,485,813 | 7,756,073 | 5,192,651 | 12,948,724 |
| Net assets - end of year | \$ 8,975,125 | \$ 5,060,825 | \$ 14,035,950 | \$ 8,374,162 | \$ 5,111,651 | \$ 13,485,813 |

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

IOWA PUBLIC RADIO, INC.

Statement of Functional Expenses For the Year Ended June 30, 2025

| | Program Services | | | | Support Services | | | |
|--------------------------|----------------------------------|------------------------------------|---------------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|---------------------|
| | Programming and Production | Broadcasting and Engineering | Program Information & Promotion | Total Program Services | Management and General | Fundraising and Underwriting | Total Support Services | Total |
| Salaries and benefits | \$ 2,717,393 | \$ 997,674 | \$ 109,496 | \$ 3,824,563 | \$ 722,334 | \$ 1,034,181 | \$ 1,756,515 | \$ 5,581,078 |
| Travel | 39,261 | 15,269 | - | 54,530 | 3,939 | 7,118 | 11,057 | 65,587 |
| Supplies | 26,869 | 150,357 | - | 177,226 | 24,091 | 77,884 | 101,975 | 279,201 |
| Services | 275,502 | 20,441 | 85,294 | 381,237 | 299,227 | 85,940 | 385,167 | 766,404 |
| Fundraising | - | - | - | - | - | 293,750 | 293,750 | 293,750 |
| Recruitment | - | - | - | - | 5,680 | - | 5,680 | 5,680 |
| Printing | - | - | 1,960 | 1,960 | - | 57,823 | 57,823 | 59,783 |
| Postage | - | 1,315 | - | 1,315 | 6,253 | 36,714 | 42,967 | 44,282 |
| Repairs and maintenance | 108 | 77,180 | - | 77,288 | 39,302 | - | 39,302 | 116,590 |
| Telecommunications | 1,604 | 187,507 | - | 189,111 | - | - | - | 189,111 |
| Programming fees | 1,192,193 | - | - | 1,192,193 | - | - | - | 1,192,193 |
| Facilities | 124,042 | 716,914 | - | 840,956 | 19,594 | 53,007 | 72,601 | 913,557 |
| Professional development | 5,304 | 384 | - | 5,688 | 6,415 | 1,873 | 8,288 | 13,976 |
| Depreciation | 17,058 | 425,864 | 355 | 443,277 | 16,106 | 2,968 | 19,074 | 462,351 |
| Total expenses | <u>\$ 4,399,334</u> | <u>\$ 2,592,905</u> | <u>\$ 197,105</u> | <u>\$ 7,189,344</u> | <u>\$ 1,142,941</u> | <u>\$ 1,651,258</u> | <u>\$ 2,794,199</u> | <u>\$ 9,983,543</u> |

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

IOWA PUBLIC RADIO, INC.

Statement of Functional Expenses For the Year Ended June 30, 2024

| | Program Services | | | | Support Services | | | |
|--------------------------|----------------------------------|------------------------------------|---------------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|---------------------|
| | Programming and Production | Broadcasting and Engineering | Program Information & Promotion | Total Program Services | Management and General | Fundraising and Underwriting | Total Support Services | Total |
| Salaries and benefits | \$ 2,456,687 | \$ 952,561 | \$ 97,152 | \$ 3,506,400 | \$ 689,357 | \$ 984,520 | \$ 1,673,877 | \$ 5,180,277 |
| Travel | 43,720 | 18,133 | - | 61,853 | 4,365 | 13,214 | 17,579 | 79,432 |
| Supplies | 42,006 | 201,194 | - | 243,200 | 20,459 | 81,307 | 101,766 | 344,966 |
| Services | 115,198 | 12,876 | 218,008 | 346,082 | 328,907 | 53,399 | 382,306 | 728,388 |
| Fundraising | - | - | - | - | - | 319,876 | 319,876 | 319,876 |
| Recruitment | - | - | - | - | 11,333 | - | 11,333 | 11,333 |
| Printing | - | - | 7,863 | 7,863 | - | 75,021 | 75,021 | 82,884 |
| Postage | - | 1,477 | - | 1,477 | 7,519 | 39,030 | 46,549 | 48,026 |
| Repairs and maintenance | - | 38,275 | - | 38,275 | 34,107 | - | 34,107 | 72,382 |
| Telecommunications | - | 188,147 | - | 188,147 | - | - | - | 188,147 |
| Programming fees | 1,236,948 | - | - | 1,236,948 | - | - | - | 1,236,948 |
| Facilities | 117,107 | 692,471 | - | 809,578 | 17,606 | 52,733 | 70,339 | 879,917 |
| Professional development | 4,639 | 61 | - | 4,700 | 5,209 | 3,637 | 8,846 | 13,546 |
| Depreciation | 88,358 | 144,239 | - | 232,597 | 109,557 | - | 109,557 | 342,154 |
| Total expenses | <u>\$ 4,104,663</u> | <u>\$ 2,249,434</u> | <u>\$ 323,023</u> | <u>\$ 6,677,120</u> | <u>\$ 1,228,419</u> | <u>\$ 1,622,737</u> | <u>\$ 2,851,156</u> | <u>\$ 9,528,276</u> |

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

IOWA PUBLIC RADIO, INC.

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Cash received from contributions and memberships | \$ 5,403,703 | \$ 4,950,378 |
| Cash received from major gifts and grants | 1,438,366 | 1,506,171 |
| Cash received from campaign contributions, net of contributions restricted for endowment | 530,236 | 1,130,111 |
| Cash received from underwriting and digital sponsorships | 1,700,115 | 1,801,382 |
| Cash received from Corporation for Public Broadcasting | 997,448 | 815,790 |
| Cash received from special events and other income | 82,196 | 49,254 |
| Cash received from interest and dividends | 380,748 | 118,690 |
| Cash payments to employees for salaries and benefits | (5,578,960) | (5,141,306) |
| Cash payments to suppliers for goods and services | (4,171,512) | (3,947,868) |
| Net cash flows provided by operating activities | <u>782,340</u> | <u>1,282,602</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment | (154,052) | (372,945) |
| Proceeds from sales of property and equipment | - | 17,050 |
| Purchases of investments | (10,249,986) | (7,086,255) |
| Proceeds from sales of investments | 9,180,011 | 1,208,467 |
| Purchases of broadcast licenses | - | (100,000) |
| Net cash flows used by investing activities | <u>(1,224,027)</u> | <u>(6,333,683)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Cash received from contributions restricted for endowment | <u>53,600</u> | <u>329,100</u> |
| Net cash flows provided by financing activities | <u>53,600</u> | <u>329,100</u> |
| Net change in cash, cash equivalents and restricted cash | (388,087) | (4,721,981) |
| Cash, cash equivalents and restricted cash - beginning of year | <u>3,473,362</u> | <u>8,195,343</u> |
| Cash, cash equivalents and restricted cash - end of year | <u>\$ 3,085,275</u> | <u>\$ 3,473,362</u> |

Continued.....

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

IOWA PUBLIC RADIO, INC.

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|---------------------|
| <u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET</u> | | |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 550,137 | \$ 537,089 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Depreciation | 462,351 | 342,154 |
| Contributions restricted to endowment | (71,360) | (114,727) |
| Contributions received directly in investment account | - | (596) |
| Realized and unrealized (gains) losses on investments | (426,572) | (78,529) |
| Increase in CSV of life insurance policy | (467) | (424) |
| Net investment return on pooled investments | (48,134) | (64,360) |
| Loss (gain) on sale of property and equipment | 189 | (6,425) |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | (8,870) | 15,350 |
| Grants receivable | 1,388 | (2,287) |
| Underwriting receivable | 21,063 | 18,862 |
| Unconditional promises to give | 452,225 | 711,918 |
| Prepaid expenses | (77) | 19,715 |
| Inventory | (2,418) | 9,890 |
| Right of use assets | 410,198 | 271,429 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | (109,278) | (2,924) |
| Deferred underwriting revenue | 5,645 | (13,882) |
| Refundable advances | - | (155,099) |
| Accrued compensated absences | 683 | 41,171 |
| Lease liability | (454,363) | (245,723) |
| Net cash flows provided by operating activities | <u>\$ 782,340</u> | <u>\$ 1,282,602</u> |

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

| | | |
|--|-----------|-----------|
| Endowment contributions added to investment fund by donors | \$ 90,461 | \$ 57,527 |
| Right of use assets obtained in exchange for lease liabilities | 518,417 | 123,778 |

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

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Iowa Public Radio, Inc. (the Organization) is organized as a public benefit corporation under the Revised Iowa Non-Profit Corporation Act, chapter 504 of the Code of Iowa. The Organization was initially established by the Board of Regents, State of Iowa, to manage the operations of the public radio stations owned by the Regents' universities. The FCC licenses, related broadcasting equipment and certain other assets owned by the Regents' universities were transferred to the Organization on June 30, 2022, and the Organization became an independent community licensee. The Organization is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and is governed by a board consisting of eighteen community directors. As a community licensee, the Organization is also advised by a community advisory board to ensure it serves the educational and cultural needs of Iowans.

The Organization's mission is to connect listeners to news, music, information and ideas that shape their world every day. The Organization's statewide network includes three programming streams – News, Studio One and Classical – broadcasting from 27 stations that reach the State of Iowa and beyond serving more than 205,000 listeners weekly. The award-winning programming is also available via the website, podcasts, email newsletters and mobile app.

The Organization's funding comes from individuals, businesses and organizations in local communities across the State of Iowa.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (GAAP). Assets and liabilities have been presented in order of liquidity. Net assets, revenues, expenses, and gains and losses have been classified based on the existence or absence of donor-imposed restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, a portion of net assets from all unrestricted estate or bequest gifts received, for the Second Century Fund, a board-designated endowment fund. The Board of Directors has designated a portion of unrestricted campaign gifts to a board-designated endowment fund.

Net Assets With Donor Restrictions – Net assets subject to donor-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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Contributions of cash or other assets to be used to acquire equipment are reported as revenues within the net assets with donor restrictions asset class. The restrictions are considered to be released at the time of acquisition of such long-lived asset.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Cash, Cash Equivalents and Restricted Cash

Cash, money market funds and highly liquid instruments with original maturities of three months or less are considered cash and cash equivalents. Cash and highly liquid instruments restricted to capital projects, endowments that are perpetual in nature, or other long-term purposes are reported in the statements of financial position as restricted cash and cash equivalents.

The Organization has ownership of certain cash and cash equivalents that are not in the possession of the Organization, but are held, along with other marketable securities, by outside investment managers. Although these cash and cash equivalents are readily available to the Organization, it is the intent of the Organization to hold these cash and cash equivalents for investments purposes and to classify these cash and cash equivalents as investment assets.

Following is a reconciliation of cash, cash equivalents and restricted cash as reported within the statements of financial position and the statements of cash flows:

| | 2025 | 2024 |
|--|--------------|--------------|
| Cash and cash equivalents | \$ 1,133,860 | \$ 1,266,362 |
| Restricted cash and cash equivalents | | |
| Cash for donor-restricted endowment | - | 486,972 |
| Cash for campaign initiatives | 1,951,415 | 1,720,028 |
| Total restricted cash and cash equivalents | 1,951,415 | 2,207,000 |
| Total cash, cash equivalents and restricted cash | \$ 3,085,275 | \$ 3,473,362 |

Receivables and Credit Policies

Receivables consist of noninterest-bearing amounts due for underwriting, grants, and other operating activities. Accounts receivable and grants receivable are reported at the amount management expects to collect from balances outstanding at year-end. Based on management's historical experience and review of subsequent collections, an allowance for credit losses was not considered necessary for accounts receivable or grants receivable.

Underwriting receivables are stated at original invoice amount less an estimate made for credit losses. Management determines an appropriate allowance by identifying past due accounts and using historical collections experience, updated for current market conditions, and applied to an aging of account balances. Underwriting receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recognized when received. The allowance for credit losses totaled \$7,279 and \$20,239 as of June 30, 2025 and 2024, respectively.

The Organization had the following activity in the allowance for credit losses for the years ended June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|-----------|-----------|
| Allowance for credit losses - beginning of year | \$ 20,239 | \$ 8,448 |
| Provision for credit losses | (6,472) | 15,445 |
| Write-offs | (6,488) | (3,654) |
| Allowance for credit losses - end of year | \$ 7,279 | \$ 20,239 |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Promises to Give

The Organization records unconditional promises to give due within the next year at net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their future cash flows using a discount rate of 4.13%. U.S. Treasury Daily Curve Yield rates are used as a discount rate that approximates the risk-free interest rate at the time of the pledge. Amortization of the discounts is included in campaign contribution revenue in the statements of activities in subsequent years.

The Organization determines an allowance for uncollectible promises to give based on payment history with the donor, time elapsed since the pledge was received, and the number of collection attempts the Organization has made. Promises to give are written off when deemed uncollectible. The allowance for uncollectible promises to give totaled \$1,353 and \$521 as of June 30, 2025 and 2024, respectively.

Inventory

Inventory is stated at the lower of cost or market determined by the first-in first-out method, and consists of merchandise held for sale and premium items used in fundraising.

Property and Equipment

The Organization capitalizes expenditures for property and equipment with a cost of at least \$1,000 and an estimated useful life of greater than one year. Property and equipment are recorded at cost at the date of acquisition, or if donated, at fair value on the date of donation. Improvements to leased property are charged to operations in the year in which the expense is incurred unless the improvement is significant and determined to meet the capitalization policy. Cost of repairs and maintenance that do not improve or extend the useful lives of the respective assets are charged to operations in the year in which the expense is incurred.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, generally 5-30 years for transmission and studio equipment, 4-10 years for computer and network equipment, 4-10 years for office equipment, 4-5 years for production equipment, 5 years for vehicles, and the lesser of 20 years or the remaining lease term for leasehold improvements.

Broadcast Licenses

Costs associated with the acquisition of broadcast licenses are capitalized. The Organization acquired a broadcast license for K231DI with approval from the Federal Communications Commission (FCC). The broadcast license is renewable every eight years if the Organization provides an average level of service and complies with the applicable FCC rules and policies. The Organization intends to renew the license indefinitely and evidence supports its ability to do so, as historically there has been no compelling challenge to renewal. Broadcast licenses are considered to have an indefinite life, and therefore, are not amortized. The value of broadcast licenses are assessed for impairment on an annual basis.

Investments

Investments are recorded at cost on the date of purchase, or at fair value on the date of donation. Thereafter, investments in equity securities with readily determinable fair values and debt securities are measured at fair value. The Organization sells donated securities upon receipt. Pooled investments are recorded at fair value based on values provided by an external investment manager. The fair value (net asset value per share) of alternative investments are estimated utilizing information provided by the funds' manager and an investment manager in the absence of readily determinable fair market values. The investment in a life insurance policy is reported at the cash surrender value. Net investment return (loss) consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

The Organization has donor-restricted endowments invested in the long-term growth portfolio at the Community Foundation of Greater Des Moines (Community Foundation). The pooled investments are managed at the discretion of the Community Foundation. The Organization is entitled to quarterly spending

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

distributions of 5%. Distributions are reported as net assets released from restrictions in the period the distributions are used for their intended purpose. The Organization's investment in pooled assets is reported at fair value based on the market price obtained from external investment managers.

Leases

The Organization determines if an agreement is a lease at inception. Both classifications of leases, operating and financing, are reported in the statements of financial position as right of use (ROU) assets and lease liabilities. The Organization leases office and studio space and broadcast transmission sites. Right of use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. The Organization has determined that available lease term extensions are reasonably certain to be exercised for broadcast transmission sites, but not for office and studio space. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has lease agreements with lease and non-lease components. For operating lease ROU assets, these components are accounted for as a separate lease component.

The Organization elected the short-term lease exemption to not recognize the ROU asset and lease liability for all leases with a term of 12 months or less. Lease payments for short-term leases are recognized as expense when incurred.

The Organization uses rates published by the U.S. Department of Treasury, including the Daily Treasury Long-Term Composite Rate and Daily Treasury Par Yield Curve Rate, to calculate the present value of lease payments. The rate selected for use varies based on the length of the lease term.

Financial Instruments and Credit Risk

The Organization maintains checking and money market accounts at financial and investment institutions.

Deposits with financial institutions are protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Deposits in excess of the FDIC insured limit are swept into a collateralized overnight repurchase account with the same financial institution, eliminating the risk of uninsured cash balances.

Deposits with investment institutions are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000, of which up to \$250,000 can be uninvested cash. Deposits in excess of \$250,000 at investment institutions are not collateralized. In addition to SIPC protection, our investment manager provides additional supplemental insurance to protect uninvested cash balances up to \$1.9 million.

As of June 30, 2025 and 2024, the Organization had approximately \$2,133,039 and \$2,773,132 of cash in excess of SIPC limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

The Organization's financial instruments are exposed to various risks, such as interest rate, credit and overall market volatility. Investments are diversified and managed by investment managers whose performance is monitored by the Organization and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes the investment policies and guidelines are prudent for the long-term welfare of the Organization.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Revenue Recognition

Contributions and Major Gifts – Contributions are recognized as revenue when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not included as support until the conditions on which they depend are substantially met. Sustaining donations are recognized when payment is received. Vehicle contributions are recognized net of fees when payment is received from the third-party program administrator. Contributions of assets other than cash are recorded at their estimated fair value.

Grants and Corporation for Public Broadcasting – The Organization receives both general operating grants and cost reimbursement grants. Operating grants are recognized as revenue when cash or an unconditional promise to give is received. Revenue from the Corporation for Public Broadcasting (CPB) community service grants are recognized when awarded and any unspent portion of the current year award is reported as an increase in net assets with donor restrictions. Cost reimbursement grants are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant revisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Campaign Contributions – Contributions are recognized as revenue when cash, securities, other assets or an unconditional promise to give is received. Campaign contributions are restricted by the donor for a specific campaign initiative, 1) journalism excellence, 2) next generation radio, 3) endowment, or 4) undesignated general campaign donations that can be used to fulfill any of the campaign priorities or cover campaign related expenses. Campaign donations are reported as increases in net assets with donor restrictions. Net assets are released from restrictions when expenditures are incurred for the specific campaign initiative or when undesignated contributions are allocated for endowment by the Board of Directors.

Underwriting and Digital Sponsorships – The Organization receives conditional support from underwriters who are acknowledged with on-air messaging during the Organization's programming. Underwriting support is recognized over the term of the related underwriting contract as performance obligations are satisfied, based on when the on-air acknowledgements occur. Digital sponsorships are sold for advertising space on the Organization's website, in newsletters or podcasts. Digital sponsorships are recognized as revenue over the term of the related contract as performance obligations are satisfied, based on digital impressions used on the website and spots placed in podcasts. Payments for underwriting or digital sponsorships received in advance of the performance obligations being satisfied are reported as deferred underwriting revenue in the statements of financial position.

Special Events – Special events includes revenue from sponsorships and ticket sales. Sponsorships are comprised of a contribution element and an exchange element based on the value of benefit provided. The Organization recognizes revenue from sponsorships, both the exchange and contribution portions, when the event being sponsored takes place. Sponsorships collected in advance of an event are refundable to the sponsor if the event is not held. Ticket sales are recognized as revenue at the time of admission.

Other Income – Other income consists of the sale of branded merchandise, rent and miscellaneous other receipts. Revenue from the sale of branded merchandise is recognized when goods are shipped to the customer. Merchandise sales are ordinarily fulfilled the same day cash is received from the customer. Rent is recognized as revenue based on the terms of the lease agreement, or as space and services are provided for hourly studio rental. Lease agreements for rental income are all short-term agreements, with terms of 12 months or less. Other miscellaneous receipts are recognized as revenue when services are performed or when the product is provided.

IOWA PUBLIC RADIO, INC.

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As of and for the Years Ended June 30, 2025 and 2024

Investment Return – Interest and dividend income are recognized when earned. Realized gains and losses are recognized when investments are sold. Unrealized gains and losses represent the change in fair value between reporting periods.

Contributed Services and Nonfinancial Assets – Contributed nonfinancial assets include donated professional services, donated equipment and other in-kind contributions which are recorded at the fair value of the goods or services received. In addition to contributed nonfinancial assets, volunteers assist the Organization with fundraising and other events throughout the year, but their services have not been recognized as contributions in the financial statements because the criteria for recognition was not met. No significant contributions of goods or services were received for the years ended June 30, 2025 and 2024.

Functional Allocation of Expenses

The cost of providing program and support services are summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between program and support services based on benefits received. Facilities are allocated based on the percentage of space used for program or support functions. Depreciation is allocated based on the function primarily served by each major category of depreciable assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$86,311 and \$157,399 for the years ended June 30, 2025 and 2024, respectively.

Income Taxes

The Organization is an Iowa nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), qualifying for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation.

The Organization was engaged in activities that are unrelated to its tax-exempt purpose, including the sale of branded merchandise and digital sponsorships. These activities could result in unrelated business income tax, and no estimated tax expense was recorded for the years ended June 30, 2025 and 2024.

The Organization has evaluated its tax positions for all open tax years and has determined there are no uncertain tax positions that require recognition. The statute of limitations on the Organization's U.S. federal returns remains open for the years ended June 30, 2022 through the present.

Estimates

The preparation of financial statements in conformity with GAAP 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 could be material.

Change in Estimate

During the year ending June 30, 2025, the Organization reduced the useful life of certain studio and transmission equipment to more accurately reflect the remaining useful life of the assets impacted. This change in accounting estimate was applied prospectively, affecting depreciation expense for the current and future years. For the year ended June 30, 2025, the change resulted in an increase in depreciation expense of \$112,437, and a corresponding decrease in change in net assets.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Reclassifications:

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

Subsequent Events

The Organization has evaluated subsequent events through December 18, 2025, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statements of financial position date for general expenditure are comprised of the following:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,133,860 | \$ 1,266,362 |
| Investments | 4,741,929 | 4,557,407 |
| Accounts receivable | 15,674 | 6,804 |
| Grants receivable | 27,360 | 28,748 |
| Underwriting receivable, net | 146,977 | 168,040 |
| Unconditional promises to give, net | 263,283 | 341,510 |
| | <u>6,329,083</u> | <u>6,368,871</u> |
| Less: amounts restricted by donor | <u>(478,371)</u> | <u>(336,826)</u> |
| Financial assets available for expenditure | <u>\$ 5,850,712</u> | <u>\$ 6,032,045</u> |

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, and therefore, is not available for general expenditure.

The Organization has board-designated endowments of \$2,052,176 and \$1,518,585 as of June 30, 2025 and 2024, respectively. The board-designated endowments allow for a spending distribution of 4%. Spending distributions are reinvested in periods where cash balances are sufficient to cover operating expenses. Although the Organization does not intend to spend from the board-designated endowments these funds could be made available, if necessary.

As part of a liquidity management plan, the Organization invests cash in excess of daily requirements in a money market fund. The Organization's goal is generally to maintain cash and cash equivalents on hand to meet three months of normal operating expenses, \$800,000 per month on average.

3. FAIR VALUE

The Organization follows the established framework for measuring fair value in accordance with GAAP. Accordingly, certain investments and other assets reported at fair value are classified based on the inputs used to determine the value, as follows:

Level 1 – valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Level 3 – valuation that requires inputs that are both significant to the fair value measurement and unobservable in the market.

The Organization uses net asset value (NAV) per share, or its equivalent, as a practical expedient to estimate the fair values of certain hedge funds, which do not have readily determinable fair values. Investments measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The carrying amounts of cash and cash equivalents, receivables, prepaid expenses, accounts payable, deferred underwriting revenue and refundable advances approximates fair value because of the short maturity of those financial instruments, and are considered to fall within Level 1 of the fair value hierarchy. The carrying amount of promises to give are based on the discounted net present value of expected future cash receipts and approximates fair value. The carrying amount of lease liabilities are based on discounted cash flows using risk-free rates and approximates fair value. These estimates are considered to fall within Level 2 of the fair value hierarchy.

Fair value estimates for investments and endowment investments are made at a specific time based on relevant market information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value of pooled investments held by external parties is based on the values obtained from external investment managers.

Financial assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as of June 30, 2025 are as follows:

| | 2025 | | | | |
|-------------------------------------|--------------|--------------|--------------|------------|------------|
| | Total | Level 1 | Level 2 | Level 3 | NAV |
| Investments | | | | | |
| Corporate fixed income | \$ 2,649,797 | \$ - | \$ 2,649,797 | \$ - | \$ - |
| Government securities | 1,840,610 | 1,714,681 | 125,929 | - | - |
| Open-ended mutual funds | 95,726 | 95,726 | - | - | - |
| Endowment investments | | | | | |
| Stocks | 1,431,995 | 1,431,995 | - | - | - |
| Exchange-traded funds | 1,166,923 | 1,166,923 | - | - | - |
| Open-ended mutual funds | 386,864 | 386,864 | - | - | - |
| Corporate fixed income | 82,345 | - | 82,345 | - | - |
| Government securities | 504,096 | 163,580 | 340,516 | - | - |
| Hedge funds | 297,142 | - | - | - | 297,142 |
| Endowment funds held by | | | | | |
| Community Foundation | 479,676 | - | - | 479,676 | - |
| Total | \$ 8,935,174 | \$ 4,959,769 | \$ 3,198,587 | \$ 479,676 | \$ 297,142 |
| Other investments | | | | | |
| Cash and cash equivalents (at cost) | 210,941 | | | | |
| CSV of life insurance policy | 14,606 | | | | |
| Total | \$ 9,160,721 | | | | |

IOWA PUBLIC RADIO, INC.

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As of and for the Years Ended June 30, 2025 and 2024

Financial assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as of June 30, 2024 are as follows:

| | 2024 | | | | |
|---|--------------|--------------|--------------|------------|------------|
| | Total | Level 1 | Level 2 | Level 3 | NAV |
| Investments | | | | | |
| Corporate fixed income | \$ 1,954,417 | \$ - | \$ 1,954,417 | \$ - | \$ - |
| Government securities | 2,403,013 | 2,403,013 | - | - | - |
| Open-ended mutual funds | 150,567 | 150,567 | - | - | - |
| Endowment investments | | | | | |
| Exchange-traded funds | 379,607 | 379,607 | - | - | - |
| Open-ended mutual funds | 697,973 | 697,973 | - | - | - |
| Corporate fixed income | 78,227 | - | 78,227 | - | - |
| Government securities | 453,069 | 147,596 | 305,473 | - | - |
| Hedge funds | 270,876 | - | - | - | 270,876 |
| Endowment funds held by Community Foundation | 341,081 | - | - | 341,081 | - |
| Total | \$ 6,728,830 | \$ 3,778,756 | \$ 2,338,117 | \$ 341,081 | \$ 270,876 |
| Other investments | | | | | |
| Cash and cash equivalents (at cost) | 782,144 | | | | |
| CSV of life insurance policy | 14,139 | | | | |
| Total | \$ 7,525,113 | | | | |

Following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024:

| 2025 | Investments | Endowments | Total |
|-----------------------------|-------------|--------------|--------------|
| Balance - beginning of year | \$ - | \$ 341,081 | \$ 341,081 |
| Purchases / contributions | - | 90,461 | 90,461 |
| Investment return, net | - | 48,134 | 48,134 |
| Distributions | - | - | - |
| Balance - end of year | \$ - | \$ 479,676 | \$ 479,676 |
| 2024 | Investments | Endowments | Total |
| Balance - beginning of year | \$ 136,285 | \$ 1,295,889 | \$ 1,432,174 |
| Purchases / contributions | 596 | 65,972 | 66,568 |
| Investment return, net | 1,457 | 49,349 | 50,806 |
| Distributions | (138,338) | (1,070,129) | (1,208,467) |
| Balance - end of year | \$ - | \$ 341,081 | \$ 341,081 |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows as of June 30, 2025 and 2024:

| 2025 | Number of Investments | NAV | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|------------|--------------------------|-------------------|-------------------------|-------------------------|-----------------------------|
| Hedge fund | 1 | \$ 150,123 | \$ - | Quarterly | 20 days |
| Hedge fund | 1 | 147,019 | - | Quarterly | 30 days |
| | | <u>\$ 297,142</u> | <u>\$ -</u> | | |

| 2024 | Number of Investments | NAV | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|------------|--------------------------|-------------------|-------------------------|-------------------------|-----------------------------|
| Hedge fund | 1 | \$ 135,000 | \$ - | Quarterly | 20 days |
| Hedge fund | 1 | 135,876 | - | Quarterly | 30 days |
| | | <u>\$ 270,876</u> | <u>\$ -</u> | | |

Hedge funds provide unique exposure to a diversified private equity portfolio. The funds offer diversification by manager, stage, vintage year and industry through a single allocation. Hedge funds redemptions are subject to 5% of the total funds NAV on a quarterly basis.

4. PROMISES TO GIVE

Unconditional promises to give are comprised of the following as of June 30, 2025 and 2024:

| | 2025 | 2024 |
|--|-------------------|---------------------|
| General membership donations | \$ 13,527 | \$ 5,205 |
| Campaign donations | 548,650 | 1,133,351 |
| | <u>562,177</u> | <u>1,138,556</u> |
| Less: discount to present value at 4.13% | (33,118) | (85,404) |
| Less: allowance for uncollectible promises to give | (1,353) | (521) |
| Total unconditional promises to give | <u>\$ 527,706</u> | <u>\$ 1,052,631</u> |
| Amount due in | | |
| Less than one year | \$ 275,883 | \$ 393,910 |
| One to five years | 251,823 | 658,721 |
| | <u>\$ 527,706</u> | <u>\$ 1,052,631</u> |

Four donors accounted for approximately 53% and 38% of the total unconditional promises to give as of June 30, 2025 and 2024, respectively. One donor accounted for approximately 27% and three donors accounted for approximately 26% of total campaign contributions for the years ended June 30, 2025 and 2024, respectively. Four donors accounted for approximately 28% and three donors accounted for approximately 45% of total major gifts and grants revenue for the years ended June 30, 2025 and 2024, respectively.

The Organization has received notification of deferred gifts totaling approximately \$6 million as of June 30, 2025 and 2024, primarily in the form of revocable wills and bequests. These are considered conditional pledges and will not be recorded in the financial statements until the conditions are met.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

5. INVESTMENTS

Investment and endowment investments are comprised of the following as of June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Equity | | |
| Stocks | \$ 1,431,995 | \$ - |
| Exchange-traded and closed-end funds | 1,166,923 | 379,607 |
| Open-ended mutual funds | 209,080 | 597,684 |
| Fixed income and preferreds | | |
| Corporate fixed income | 2,732,142 | 2,032,644 |
| Government securities | 2,344,706 | 2,856,082 |
| Open-ended mutual funds | 273,510 | 250,856 |
| Hedge funds | 297,142 | 270,876 |
| Cash and cash equivalents held by investment manger | 210,941 | 782,144 |
| Interest in pooled investments | | |
| Public equity | 319,176 | 216,279 |
| Private equity | 29,548 | 22,784 |
| Fixed income | 90,803 | 54,539 |
| Real assets | - | 8,732 |
| Alternatives | 39,573 | 38,406 |
| Cash and cash equivalents | 576 | 341 |
| Other investments | | |
| CSV of life insurance policy | 14,606 | 14,139 |
| Total investments and endowed investments | <u>\$ 9,160,721</u> | <u>\$ 7,525,113</u> |

Investment return for the years ended June 30, 2025 and 2024 is as follows:

| | 2025 | 2024 |
|-------------------------------|-------------------|-------------------|
| Dividends and interest | \$ 382,136 | \$ 175,594 |
| Net realized gains (losses) | 113,438 | 16,350 |
| Net unrealized gains (losses) | 362,703 | 83,302 |
| Investment management fees | (67,502) | (13,244) |
| Total investment return, net | <u>\$ 790,775</u> | <u>\$ 262,002</u> |

6. ENDOWMENTS

The Organization's endowment consists of donor-restricted gifts (net assets with restrictions) plus certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Organization will retain in perpetuity (a) the original value of gifts donated to the permanent endowment, (b)

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

the original value of subsequent gifts donated to the permanent 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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purpose of the Organization and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

The Organization has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The primary financial objective is to preserve the investments inflation-adjusted purchasing power net of all investment management costs, while providing funds for current spending. The primary investment objective is to achieve a net total return equal to or in excess of 4% plus inflation, as measured over rolling ten-year periods.

From time to time, certain donor-restricted endowment funds may have a fair value less than the amount required to be maintained by the donor or by law. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Organization has no underwater endowment funds as of June 30, 2025 and 2024.

The Organization's spending policy provides for quarterly distributions to be expended in accordance with applicable donor-restricted purposes. The current spending rate is 4% of the average fair value of the endowments over the preceding three-year period.

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

| | 2025 | | |
|--|---|----------------------------|---------------------|
| | Board-Designated Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - beginning of year | \$ 1,518,585 | \$ 2,086,192 | \$ 3,604,777 |
| Contributions | 338,684 | 71,360 | 410,044 |
| Investment return | | | |
| Interest and dividends | 46,286 | 55,400 | 101,686 |
| Net appreciation (realized and unrealized) | 162,872 | 207,651 | 370,523 |
| Investment management fees | (14,251) | (16,587) | (30,838) |
| Total investment return | 194,907 | 246,464 | 441,371 |
| Appropriated for expenditure | - | - | - |
| Endowment net assets - end of year | <u>\$ 2,052,176</u> | <u>\$ 2,404,016</u> | <u>\$ 4,456,192</u> |

IOWA PUBLIC RADIO, INC.

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As of and for the Years Ended June 30, 2025 and 2024

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

| | 2024 | | |
|--|---|----------------------------|---------------------|
| | Board-Designated Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - beginning of year | \$ 663,839 | \$ 1,907,105 | \$ 2,570,944 |
| Contributions | 824,120 | 114,727 | 938,847 |
| Investment return | | | |
| Interest and dividends | 14,226 | 25,198 | 39,424 |
| Net appreciation (realized and unrealized) | 17,771 | 54,899 | 72,670 |
| Investment management fees | (1,371) | (3,069) | (4,440) |
| Total investment return | 30,626 | 77,028 | 107,654 |
| Appropriated for expenditure | - | (12,668) | (12,668) |
| Endowment net assets - end of year | <u>\$ 1,518,585</u> | <u>\$ 2,086,192</u> | <u>\$ 3,604,777</u> |

Endowment net assets are comprised of the following as of June 30, 2025 and 2024:

| | 2025 | | |
|---|---|----------------------------|---------------------|
| | Board-Designated Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds | \$ 2,052,176 | \$ - | \$ 2,052,176 |
| Donor-restricted endowment funds | | | |
| Original gift amount required to be maintained in perpetuity by donor | - | 1,719,806 | 1,719,806 |
| Accumulated gains subject to endowment spending policy and appropriation | - | 684,210 | 684,210 |
| Total endowment net assets | <u>\$ 2,052,176</u> | <u>\$ 2,404,016</u> | <u>\$ 4,456,192</u> |

| | 2024 | | |
|---|---|----------------------------|---------------------|
| | Board-Designated Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds | \$ 1,518,585 | \$ - | \$ 1,518,585 |
| Donor-restricted endowment funds | | | |
| Original gift amount required to be maintained in perpetuity by donor | - | 1,648,446 | 1,648,446 |
| Accumulated gains subject to endowment spending policy and appropriation | - | 437,746 | 437,746 |
| Total endowment net assets | <u>\$ 1,518,585</u> | <u>\$ 2,086,192</u> | <u>\$ 3,604,777</u> |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

7. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of June 30, 2025 and 2024:

| | 2025 | 2024 |
|---------------------------------------|--------------|--------------|
| Transmission and studio equipment | \$ 7,780,857 | \$ 7,719,890 |
| Computer and network equipment | 837,720 | 824,574 |
| Office equipment | 25,836 | 25,836 |
| Production equipment | 10,397 | 10,397 |
| Vehicles | 131,566 | 131,566 |
| Facilities and leasehold improvements | 131,794 | 92,177 |
| | 8,918,170 | 8,804,440 |
| Accumulated depreciation | (7,433,317) | (7,011,099) |
| Property and equipment, net | \$ 1,484,853 | \$ 1,793,341 |

A significant portion of transmission and studio equipment was transferred to the Organization from the Board of Regents on June 30, 2022. In the event the Organization sells such assets for monetary consideration before June 30, 2032, the proceeds from the sale will be transferred to the Board of Regents.

8. LEASES

The Organization leases office and studio space and broadcast transmission sites under non-cancelable lease agreements. Lease terms expire at various dates through 2044, which includes renewal options ranging from 3-25 years that are reasonably certain to be exercised for broadcast transmission sites.

The Organization uses rates published by the U.S. Department of Treasury, a risk-free rate, to calculate the present value of lease payments and the weighted-average discount rate. The Organization has applied the risk-free rate option to office, studio and broadcast transmission site leases.

Certain broadcast transmission site leases call for an annual or periodic increase based on an index rate rather than a fixed percentage. The Organization recognizes additional variable lease cost in years where the index rate increase is greater than the estimated increase included in the initial measurement of the lease liability.

The Organization's lease agreements do not contain any material guaranteed residual values or financial covenants. The Organization is generally required to pay separately for real estate taxes, utilities, maintenance and other related non-rental costs.

Right of use assets and lease liabilities as of June 30, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|-------------------------------|--------------|--------------|
| Right of use assets | | |
| Operating leases | \$ 1,754,694 | \$ 1,646,474 |
| Total right of use assets | \$ 1,754,694 | \$ 1,646,474 |
| Lease liability | | |
| Current - Operating leases | \$ 357,467 | \$ 458,664 |
| Noncurrent - Operating leases | 1,429,909 | 1,264,657 |
| Total lease liability | \$ 1,787,376 | \$ 1,723,321 |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Quantitative information concerning the Organization's leases for the years ended June 30, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|--|-------------------|-------------------|
| Operating lease expense | \$ 468,852 | \$ 452,992 |
| Variable lease expense | 25,901 | 18,148 |
| Short-term lease expense | 48,004 | 53,152 |
| Total lease expense | <u>\$ 542,757</u> | <u>\$ 524,292</u> |
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating leases | \$ 586,921 | \$ 498,586 |
| Weighted average remaining lease term (in months) | | |
| Operating leases | 100 | 105 |
| Weighted average discount rate | | |
| Operating leases | 3.58% | 3.25% |

The future minimum lease payments under non-cancelable operating leases with terms greater than one year as of June 30, 2025 are as follows:

| | Amount |
|------------------------------------|---------------------|
| Year ending June 30, | |
| 2026 | \$ 357,467 |
| 2027 | 344,866 |
| 2028 | 312,178 |
| 2029 | 289,291 |
| 2030 | 148,465 |
| Thereafter | 640,103 |
| Total lease payments | <u>2,092,370</u> |
| Less: discount | <u>(304,994)</u> |
| Present value of lease liabilities | <u>\$ 1,787,376</u> |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

9. NET ASSETS

Net assets are available for the following purposes as of June 30, 2025 and 2024:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Net assets without donor restrictions | | |
| Board-designated endowment | \$ 2,052,176 | \$ 1,518,585 |
| Investment in property and equipment | 1,584,853 | 1,893,341 |
| Other assets | 5,338,096 | 4,962,236 |
| Total net assets without donor restrictions | <u>\$ 8,975,125</u> | <u>\$ 8,374,162</u> |
| Net assets with donor restrictions | | |
| Subject to expenditure for specified purpose | | |
| Innovation fund | \$ 119,574 | \$ 164,554 |
| Journalism impact fund | 70,187 | 92,930 |
| Music and digital contributors | 100 | - |
| Campaign - next generation radio | 705,735 | 696,986 |
| Campaign - journalism excellence | 1,242,947 | 1,073,142 |
| Campaign - classical | 40,134 | 60,000 |
| Total net assets with purpose restrictions | <u>2,178,677</u> | <u>2,087,612</u> |
| Promises to give restricted by donor for | | |
| Campaign - next generation radio | 80,000 | 120,000 |
| Campaign - journalism excellence | - | 75,000 |
| Campaign - undesignated | 398,132 | 742,847 |
| Total promises to give restricted by donor | <u>478,132</u> | <u>937,847</u> |
| Endowments | | |
| Operating endowments | 1,704,909 | 1,382,865 |
| Operating endowments - WSUI/KSUI | 392,719 | 352,076 |
| Classical programming | 253,273 | 227,062 |
| News programming | 15,715 | 14,089 |
| Endowment promises to give | 37,400 | 110,100 |
| Total endowments | <u>2,404,016</u> | <u>2,086,192</u> |
| Total net assets with donor restrictions | <u>\$ 5,060,825</u> | <u>\$ 5,111,651</u> |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of other events specified by the donor or spending policies, as follows for the years ended June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|-------------------|-------------------|
| Satisfaction of purpose restrictions | | |
| Innovation fund | \$ 94,979 | \$ 30,539 |
| Journalism fund | 38,244 | 34,084 |
| Health reporting | - | 15,316 |
| Music and digital contributors | - | 3,941 |
| Campaign - next generation radio | 33,422 | 280,713 |
| Campaign - journalism excellence | 302,197 | 23,607 |
| Campaign - classical | 19,866 | - |
| Campaign - board-designated endowment | 16,064 | 297,767 |
| Total satisfaction of purpose restrictions | <u>504,772</u> | <u>685,967</u> |
| Endowment distributions and appropriations | | |
| Operating endowments | - | 12,668 |
| Total distributions and appropriations | <u>-</u> | <u>12,668</u> |
| Loss on uncollectible receivables | 1,450 | - |
| Total net assets released from restrictions | <u>\$ 506,222</u> | <u>\$ 698,635</u> |

10. REVENUE AND CONTRACTS WITH CUSTOMERS

The Organization enters into contracts with underwriters and other customers to provide noncommercial radio acknowledgements and advertising in the Organization's newsletters and on the website. The payment terms and conditions in each contract vary based on the services provided, agreed upon payment plan and the duration of the contract. The Organization assesses the services promised and identifies the performance obligations for each contract. Contracts are for specific services and prices are fixed at inception.

The Organization recognizes a contract liability when payment is received from a customer before the performance obligations are satisfied, and recognizes a contract receivable when payment from a customer is in arrears. Revenue from underwriting and digital sponsorship contracts is recognized over a period of time as the Organization meets each contractual obligation. Deferred underwriting revenue is recognized as revenue within the next twelve months.

Changes in deferred underwriting revenue for the years ended June 30, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|--|------------------|------------------|
| Deferred underwriting revenue - beginning of year | \$ 82,646 | \$ 96,528 |
| Revenue recognized that was included in deferred revenue at the beginning of year | (82,646) | (96,528) |
| Increases in deferred revenue due to cash received during the year | 88,291 | 82,646 |
| Deferred underwriting revenue - end of year | <u>\$ 88,291</u> | <u>\$ 82,646</u> |

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

11. EMPLOYEE BENEFITS

Employees of the Organization participate in the Iowa Public Radio Defined Contribution Plan administered by Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Directors establishes and amends the plan's provisions and contribution requirements. As required by IPR's policy, all eligible employees must participate in the plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA, each employee through the fifth year of employment contributes 3 1/3% of the first \$400 of earnings per month and 5% on the balance of earnings. The Organization, through the fifth year of employment, contributes 6 2/3% of the first \$400 of earnings per month and 10% on the balance of earnings. Upon completion of five years of service, the participant contributes 5% and the Organization contributes 10% on all earnings.

The Organization's required and actual contributions to the plan totaled \$393,324 and \$364,009 for the years ended June 30, 2025 and 2024, respectively.

12. CONTINGENCIES AND RISK MANAGEMENT

The Organization is exposed to various risks of loss related to property loss, liability under tort, theft, damage to or the destruction of assets, error and omissions, injuries to employees and natural disaster. These risks are subject to insurance coverage of property, general liability, cyber liability, employee dishonesty, worker's compensation, multi-media liability and director and officers' policies. The Organization is not aware of any known or contingent risks that would have a material impact on the financial statements.

13. FUNDING RESCISSION

In July 2025, the U.S. Congress voted to eliminate federal funding for the Corporation for Public Broadcasting as part of the Rescissions Act of 2025. Federal funding received by CPB was distributed to local public radio and television stations in the form of community service and other grants. CPB grants to Iowa Public Radio accounted for approximately 10% of the Organization's annual budget. With the elimination of CPB funding, the Organization is now entirely community supported.