

**TEXAS PUBLIC RADIO
COMBINED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

TEXAS PUBLIC RADIO
FINANCIAL STATEMENTS
Year Ended September 30, 2025

Table of Contents

	<u>Page No.</u>
Independent auditor's report	1
Financial statements	
Combined statement of financial position	3
Combined statement of activities	4
Combined statement of functional expenses	5
Combined statement of cash flows	6
Notes to combined financial statements	7

Schuh|Browne

CERTIFIED PUBLIC
ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Texas Public Radio
San Antonio, Texas

Opinion

We have audited the accompanying combined financial statements of Texas Public Radio (a nonprofit organization) and affiliate, which comprise the combined statements of financial position as of September 30, 2025 and 2024, the related combined statements of activities and functional expenses for the year ended September 30, 2025, the combined statements of cash flows for the years ended September 30, 2025 and 2024, and the notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Texas Public Radio and affiliate as of September 30, 2025 and 2024, and the changes in net assets for the year ended September 30, 2025, and its cash flows for the years ended September 30, 2025 and 2024 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 Texas Public Radio 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Public Radio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Lincoln Center
7800 West IH-10, Suite 630
San Antonio, TX 78230
210•979•7600
Fax 210•979•7679

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined 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 combined 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 Texas Public Radio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Public Radio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Texas Public Radio's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2026. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schul Brouse, P. C.

San Antonio, Texas
February 16, 2026

TEXAS PUBLIC RADIO
COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2025 and 2024

ASSETS	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 2,163,659	\$ 1,751,812
Accounts receivable	270,181	249,591
Promises to give (net of allowance for uncollectible pledges of -\$0- in 2025 and \$1,100 in 2024)	5,415	30,300
Contributions receivable from bequests and trusts	-	272,253
Prepaid expenses	<u>39,817</u>	<u>27,128</u>
Total current assets	<u>2,479,072</u>	<u>2,331,084</u>
Property and equipment:		
Broadcasting and other equipment	4,224,448	3,668,543
Leasehold improvements	8,780,163	8,777,572
Construction in progress	-	241,998
	<u>13,004,611</u>	<u>12,688,113</u>
Less accumulated depreciation	<u>(3,781,797)</u>	<u>(3,189,386)</u>
Property and equipment, net	<u>9,222,814</u>	<u>9,498,727</u>
Other assets:		
Operating lease right-of-use assets	3,144,791	3,282,582
Investments restricted or designated for endowment	<u>853,545</u>	<u>754,997</u>
Total other assets	<u>3,998,336</u>	<u>4,037,579</u>
Total assets	<u>\$ 15,700,222</u>	<u>\$ 15,867,390</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 162,663	\$ 198,611
Accrued liabilities	179,647	169,668
Deferred revenue	4,785	255,113
Operating lease liabilities, current	<u>73,473</u>	<u>67,208</u>
Total current liabilities	<u>420,568</u>	<u>690,600</u>
Long-term and other liabilities:		
Operating lease liabilities, long-term	<u>3,301,141</u>	<u>3,375,156</u>
Total long-term and other liabilities	<u>3,301,141</u>	<u>3,375,156</u>
Total liabilities	<u>3,721,709</u>	<u>4,065,756</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,745,153	1,427,909
Fixed assets	9,222,814	9,498,727
Board-designated	<u>330,884</u>	<u>300,028</u>
Total net assets without donor restrictions	<u>11,298,851</u>	<u>11,226,664</u>
With donor restrictions:		
Time or purpose restrictions	157,000	120,000
Restrictions that are perpetual in nature	<u>522,662</u>	<u>454,970</u>
Total net assets with donor restrictions	<u>679,662</u>	<u>574,970</u>
Total net assets	<u>11,978,513</u>	<u>11,801,634</u>
Total liabilities and net assets	<u>\$ 15,700,222</u>	<u>\$ 15,867,390</u>

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

TEXAS PUBLIC RADIO
COMBINED STATEMENT OF ACTIVITIES

Year Ended September 30, 2025

(With Comparative Totals For Year Ended September 30, 2024)

	Without Donor Restrictions			With Donor Restrictions	Total	
	<u>Operations</u>	<u>Fixed Assets</u>	<u>Board- Designated</u>		<u>2025</u>	<u>2024</u>
Support and revenues:						
Special events:						
Gross revenue	\$ 483,923	\$ -	\$ -	\$ -	\$ 483,923	\$ 157,963
Less direct expenses	(145,829)	-	-	-	(145,829)	(89,015)
Net special events support	338,094	-	-	-	338,094	68,948
Program underwriting contracts	1,574,984	-	-	-	1,574,984	1,674,685
Grants	340,482	-	-	697,444	1,037,926	1,055,096
Contributions	626,930	-	-	20,900	647,830	1,132,643
Memberships	3,196,273	-	-	630,129	3,826,402	2,811,574
Rental revenue, net	36,527	-	-	-	36,527	17,880
Investment income, net of fees	62,950	-	(1,476)	(2,239)	59,235	167,794
In-kind contributions	77,239	-	-	-	77,239	215,056
Miscellaneous	19,884	-	-	-	19,884	11,349
	<u>6,273,363</u>	-	(1,476)	1,346,234	7,618,121	7,155,025
Net assets released from restrictions	<u>1,281,262</u>	-	-	(1,281,262)	-	-
Total support and revenue	<u>7,554,625</u>	-	(1,476)	64,972	7,618,121	7,155,025
Expenses:						
Program services:						
Broadcasting	3,811,996	446,176	-	-	4,258,172	4,047,648
Marketing	1,442,610	135,085	-	-	1,577,695	1,382,443
Total program services	<u>5,254,606</u>	<u>581,261</u>	-	-	<u>5,835,867</u>	<u>5,430,091</u>
Supporting services:						
Administrative	585,454	54,420	-	-	639,874	612,021
Development	988,314	49,239	-	-	1,037,553	860,063
Total supporting services	<u>1,573,768</u>	<u>103,659</u>	-	-	<u>1,677,427</u>	<u>1,472,084</u>
Total expenses	<u>6,828,374</u>	<u>684,920</u>	-	-	<u>7,513,294</u>	<u>6,902,175</u>
Change in net assets before unrealized gains (losses)	726,251	(684,920)	(1,476)	64,972	104,827	252,850
Unrealized gains (losses) on investments	-	-	32,332	39,720	72,052	(20,052)
Change in net assets	726,251	(684,920)	30,856	104,692	176,879	232,798
Net assets at beginning of year	1,427,909	9,498,727	300,028	574,970	11,801,634	11,568,836
Net interfund transfers	(409,007)	409,007	-	-	-	-
Net assets at end of year	<u>\$ 1,745,153</u>	<u>\$ 9,222,814</u>	<u>\$ 330,884</u>	<u>\$ 679,662</u>	<u>\$ 11,978,513</u>	<u>\$ 11,801,634</u>

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

TEXAS PUBLIC RADIO

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2025

(With Comparative Totals For Year Ended September 30, 2024)

	Program Services			Management and General			Total Expenses	
	Broadcasting	Marketing	Total	Administrative	Development	Total	2025	2024
Salaries	\$ 1,650,283	\$ 1,018,306	\$ 2,668,589	\$ 371,575	\$ 337,796	\$ 709,371	\$ 3,377,960	\$ 2,834,237
Payroll taxes	136,051	23,334	159,385	30,531	87,645	118,176	277,561	221,307
Employee benefits	165,960	101,468	267,428	37,279	33,848	71,127	338,555	322,081
Total salaries and related expenses	1,952,294	1,143,108	3,095,402	439,385	459,289	898,674	3,994,076	3,377,625
Advertising	-	38,359	38,359	-	4,312	4,312	42,671	43,532
Audience research	10,105	-	10,105	-	10,105	10,105	20,210	20,045
Bad debt expense	-	-	-	-	81,740	81,740	81,740	5,725
Bank charges	81	129	210	472	112,718	113,190	113,400	105,707
Building maintenance	40,106	24,420	64,526	20,114	8,168	28,282	92,808	125,929
Equipment rental	1,939	40,830	42,769	433	1,107	1,540	44,309	71,145
Food expense	3,210	10,035	13,245	3,647	34,094	37,741	50,986	52,201
Honorarium fees and prizes	7,025	-	7,025	-	3,768	3,768	10,793	11,765
In-kind expenses	27,279	11,708	38,987	1,558	27,938	29,496	68,483	215,057
Insurance - liability	34,188	20,932	55,120	7,675	6,978	14,653	69,773	78,061
Internet expense	104,417	10,942	115,359	4,013	23,236	27,249	142,608	130,996
Mailing acquisition/renewal	-	-	-	-	1,960	1,960	1,960	2,295
Maintenance fees and software licenses	78,141	5,207	83,348	9,099	26,113	35,212	118,560	76,991
Membership premiums	-	6,436	6,436	-	6,589	6,589	13,025	16,139
Memberships	-	-	-	-	4,575	4,575	4,575	6,796
Office supplies	3,596	5,240	8,836	3,382	1,825	5,207	14,043	14,196
Postage and shipping	566	805	1,371	1,083	9,279	10,362	11,733	10,910
Printing	-	288	288	1,240	20,217	21,457	21,745	28,655
Production costs	163,726	32,212	195,938	-	572	572	196,510	308,119
Professional fees	197,660	64,825	262,485	72,814	120,312	193,126	455,611	180,782
Program fees	754,886	-	754,886	-	-	-	754,886	718,992
Promotional	13	5,412	5,425	224	1,218	1,442	6,867	6,651
Recruiting	224	-	224	25	83	108	332	104,302
Replacement parts and supplies	4,970	-	4,970	-	-	-	4,970	35,201
Staff development	9,592	249	9,841	1,004	5,221	6,225	16,066	18,060
Telephone	4,450	-	4,450	-	-	-	4,450	5,100
Tower and tower land leases	274,449	-	274,449	-	-	-	274,449	274,447
Trade affiliation fees	4,901	3,268	8,169	2,124	9,587	11,711	19,880	20,152
Travel	13,066	603	13,669	10,708	1,443	12,151	25,820	30,856
Utilities	121,112	17,602	138,714	6,454	5,867	12,321	151,035	195,325
Total expenses before depreciation	3,811,996	1,442,610	5,254,606	585,454	988,314	1,573,768	6,828,374	6,291,757
Depreciation	446,176	135,085	581,261	54,420	49,239	103,659	684,920	610,418
Total expenses	\$ 4,258,172	\$ 1,577,695	\$ 5,835,867	\$ 639,874	\$ 1,037,553	\$ 1,677,427	\$ 7,513,294	\$ 6,902,175

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

TEXAS PUBLIC RADIO
COMBINED STATEMENT OF CASH FLOWS
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flow from operating activities:		
Change in net assets	\$ 176,879	\$ 232,798
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	684,920	610,418
Realized and unrealized gains on investments	(2,651)	(76,627)
Non-cash contributions	(8,756)	-
Non-cash lease expense	70,041	75,982
Change in:		
Receivables, other than capital campaign	276,548	(250,439)
Prepaid expenses	(12,689)	(84)
Accounts payable	(35,948)	85,790
Accrued liabilities	9,979	22,687
Deferred revenue	<u>(250,328)</u>	<u>253,377</u>
Net cash provided by operating activities	<u>907,995</u>	<u>953,902</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	2,651	-
Purchases of investments	(98,548)	(305,863)
Purchase of property and equipment	(409,711)	(421,566)
Proceeds from sales of property and equipment	<u>9,460</u>	<u>-</u>
Net cash used by investing activities	<u>(496,148)</u>	<u>(727,429)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	<u>-</u>	<u>2,000</u>
Net cash provided by financing activities	<u>-</u>	<u>2,000</u>
Net increase in cash and cash equivalents	411,847	228,473
Cash and cash equivalents at beginning of year	<u>1,751,812</u>	<u>1,523,339</u>
Cash and cash equivalents at end of year	<u>\$ 2,163,659</u>	<u>\$ 1,751,812</u>
Schedule of supplemental cash flow information:		
Non-cash contributions:		
Donation of other furniture and equipment	<u>\$ 8,756</u>	<u>\$ -</u>
Contributions of investments and property and equipment	8,756	-
Other contributions of non-financial assets and services (see Note 17)	<u>68,483</u>	<u>215,056</u>
Total non-cash contributions of assets and services	<u>\$ 77,239</u>	<u>\$ 215,056</u>

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

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

1 NATURE OF ORGANIZATION

Texas Public Radio (TPR) is a not-for-profit corporation whose purpose is to broadcast programs for informational, educational and entertainment purposes. The corporation was formed by the merger of Classical Broadcasting Society of San Antonio (KPAC) and San Antonio Community Radio Corporation (KSTX). In 1998 TPR expanded its services by activating a station (KTXI) to better serve listeners in the Texas Hill Country. In January 2013, TPR began broadcasting to Snyder, Big Spring and Sweetwater by adding station KTPR. KVHL was added in October 2013 to serve listeners in Llano and the Highland Lakes region. In 2016, TPR activated KTPD in Del Rio and acquired KCTI in Gonzales. The majority of underwriters and members who substantially support Texas Public Radio are located in the San Antonio and Texas Hill Country area.

Texas Public Radio Foundation (Foundation) was incorporated in September 2001 for the purpose of receiving, investing, and distributing the charitable gifts that constitute the endowment of TPR. In May 2025, the Board of Directors approved the dissolution of the Foundation and transfer of its assets and operations to TPR. As of September 30, 2025, all of the assets of the Foundation had been transferred to TPR.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of TPR have been prepared on the accrual basis of accounting. The financial statements accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

TPR reports information regarding its financial position and activities according to two classes of net assets, as follows:

- Without Donor Restrictions - Resources that are expendable at the discretion of the Board of Directors for conducting the operations of TPR. Net assets without donor restrictions may be designated by the Board of Directors for a specific purpose.
- With Donor Restrictions - Resources that are limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and otherwise removed by actions of TPR pursuant to those restrictions, or that neither expire by the passage of time, nor can be fulfilled or otherwise removed by actions of TPR.

The combined financial statements include the accounts of Texas Public Radio and its affiliate, Texas Public Radio Foundation. TPR and the Foundation operate with the same officers and directors, and office facilities and staff are mutually shared. Accordingly, the financial statements have been combined. All intercompany accounts are eliminated in the combination.

Comparative Financial Information

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with TPR's financial statements for the year ended September 30, 2024, from which the summarized information was derived.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees, underwriting, and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, programs are aired, or expenditures are incurred, respectively. Contributions are recognized when cash, other assets, an unconditional promise to give, or 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 or the donor has explicitly released the restriction. Revenues from event sponsorships and ticket sales are recognized when the event is held, as those contributions are conditioned on the performance of the event. Amounts received prior to the related event are reported as deferred revenue in the statement of financial position.

(Continued)

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue with and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Income Taxes

TPR is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

TPR considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Accounts Receivable

Accounts receivable primarily consist of program underwriting from local governments and corporations. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. TPR separates accounts receivable into risk pools based on their aging and type. In determining the amount of the allowance as of the balance sheet date, TPR develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Uncollectible balances are charged to the allowance once TPR has concluded efforts to collect the receivable.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable.

Investments

Investments are carried at market value for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or market value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Market risk could occur and is dependent on the future changes in market price of the various investments held.

(Continued)

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

TPR capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Depreciation is computed using the straight-line method over their estimated useful lives.

Leases

TPR has elected not to separate lease components from non-lease components when allocating contract consideration for all classes of leased assets. For purposes of valuing lease liabilities, TPR has also elected to use a risk-free rate as the discount rate for all classes of leased assets.

Deferred Revenue

Deferred revenue represents sponsorships and ticket sales received in advance for events that will take place in the upcoming fiscal year, and advance payments on contributions and grant awards that are conditioned on the expenditure of those funds for certain specific purposes.

Donated Assets

Donated investments, equipment, supplies, and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TPR. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Note 17 discusses the services TPR receives without charge from its volunteers and donors.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of TPR.

Change in Accounting Principle

Adoption of FASB ASC 326 (Financial Instruments – Credit Losses)

Effective October 1, 2023, TPR adopted FASB ASC 326, *Financial Instruments – Credit Losses*. This standard replaces the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) model. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For TPR, the standard applies to the measurement of its accounts receivable for program underwriting. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balance to the net amount expected to be collected over the lives of the receivables. TPR adopted the new standard using the modified retrospective approach for accounts receivable, in which the impact of applying the CECL method to prior periods is recorded as an adjustment to net assets in the current year. However, no transition measurement was recorded in 2024, as application of the CECL method did not result in a material change to the measurement of accounts receivable.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

TPR's management has evaluated subsequent events through February 16, 2026, the date which the financial statements were available for issue.

3 CREDIT RISK CONCENTRATION

TPR maintains cash balances at six financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2025, TPR's cash and cash equivalents exceeded federally insured limits by \$409,940.

4 ACCOUNTS RECEIVABLE

Receivables result primarily from contracts to underwrite TPR's programming. Receivables consisted of the following at September 30:

	<u>2025</u>	<u>2024</u>
Accounts receivable:		
Underwriting receivables	\$ 255,272	\$ 237,178
Due under construction funding agreements	9,688	6,052
Other receivables	5,221	6,361
	270,181	249,591
Accounts receivable, gross	270,181	249,591
Less allowance for credit losses	-	-
Accounts receivable, net	\$ 270,181	\$ 249,591

Changes in the allowance for credit losses for the years ended September 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ -	\$ -
Provisions for credit losses	1,300	400
Write-offs of uncollectible accounts, net of recoveries	(1,300)	(400)
Balance, end of year	\$ -	\$ -

5 PROMISES TO GIVE

Unconditional promises to give are as follows:

	<u>2025</u>	<u>2024</u>
Capital campaign	\$ -	\$ 3,300
Restricted for use in future periods	5,415	27,000
	\$ 5,415	\$ 30,300
	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 5,415	\$ 31,400
Receivable in one to five years	-	-
Total unconditional promises to give	5,415	31,400
Less discounts to net present value	-	-
Less allowance for uncollectible promises receivable	-	(1,100)
Net unconditional promises to give	\$ 5,415	\$ 30,300

No discount to present value has been recorded, as all promises to give are due in less than one year.

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

6 INVESTMENTS

TPR owned the following investments at September 30, 2025 and 2024:

	2025		2024	
	Cost	Market	Cost	Market
Pooled investment funds	\$ 754,596	\$ 853,545	\$ 737,410	\$ 754,997

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Cash and equivalents are reported at cost, which approximates fair value. Money market funds are reported at fair value using a Level 1 measure. At September 30, 2025 and 2024, TPR's investments in pooled investment funds were reported at fair value using a Level 3 measure.

The following tables set forth a summary of changes in the fair value of pooled investment funds, which is a Level 3 asset, for the years ended September 30, 2025 and 2024:

	2025				
	Beginning Balance	Purchases	Sales and Distributions	Total Gains (Losses) & Fees	Ending Balance
Pooled investment funds	\$ 754,997	\$ 20,900	\$ -	\$ 77,648	\$ 853,545
	2024				
	Beginning Balance	Purchases	Sales and Distributions	Total Gains (Losses) & Fees	Ending Balance
Pooled investment funds	\$ 372,507	\$ 300,711	\$ -	\$ 81,779	\$ 754,997

7 BEQUESTS AND SPLIT-INTEREST AGREEMENTS

Bequests

During the year ended September 30, 2024, TPR was named as a beneficiary of an estate. TPR is to receive the estate's remaining assets after all assets have been liquidated and all other specific bequests have been made. During the year ended September 30, 2025, TPR received an initial partial distribution from the estate in the amount of \$150,000. While TPR expects to receive additional distributions from this estate, additional revenue has not yet been recorded as the final amount due to TPR is not yet known.

Split-interest Agreements

During the year ended September 30, 2024, TPR learned that it was named a beneficiary in a remainder trust that has begun the process of distributing its assets and dissolving. Under the terms of the trust, TPR is to receive one-sixth of the remaining assets of the trust. TPR received distributions totaling \$500,000 and \$191,813 during the years ended September 30, 2024 and 2025, respectively, for a cumulative total of \$691,813. TPR has been notified that no more distributions are expected from this trust.

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

8 PROPERTY AND EQUIPMENT

Property and equipment of TPR consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 16,000	\$ 16,000
Broadcast equipment	2,736,362	2,356,912
Theater equipment	77,316	77,316
Library	26,451	26,451
Furniture, fixtures and equipment	1,080,140	1,053,374
Software	288,179	138,490
Leasehold improvements	8,780,163	8,777,572
Construction in progress	-	241,998
	13,004,611	12,688,113
Less accumulated depreciation	<u>(3,781,797)</u>	<u>(3,189,386)</u>
Net property and equipment	<u>\$ 9,222,814</u>	<u>\$ 9,498,727</u>

Leasehold improvements consist of improvements to TPR's leased facilities at the Alameda Theater complex. As TPR has the option to renew that lease through 2076 and intends to exercise those renewals, leasehold improvements will be depreciated over the expected useful life of each asset rather than the expected duration of the lease, as the lease duration is expected to exceed the useful lives of the assets.

9 DEBT

Revolving Line of Credit

TPR had a \$250,000 revolving line of credit with a financial institution, which matured on September 1, 2023. Advances on the unsecured line of credit had been bearing interest at the Bank's floating prime rate of 6.25%. This line of credit was formally closed on November 7, 2023.

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

10 LEASING ACTIVITIES

TPR leases its main facility at the Alameda Theater complex under a sublease with the Alameda Theater Conservancy, which in turn leases the property from the city of San Antonio, at a nominal rate of \$10 per year. The initial lease period runs through September 30, 2036, after which it will be automatically extended for four successive periods of 10 years each unless TPR opts out. Initial renovations and construction to prepare the property for use was jointly funded by TPR, the city of San Antonio, Bexar County, and the Alameda Theater Company. TPR's share of the costs have been recorded as leasehold improvements, which TPR began depreciating after occupying the property during the year ended September 30, 2021.

TPR has several non-cancelable operating leases for office space, equipment, and facilities that expire at various dates through December 2034. Several leases feature options to extend the lease term at TPR's discretion, and for purposes of computing lease liabilities and right-of-use asset balances, TPR has included those additional periods when management believes that it is probable that TPR will opt to extend the lease. When including those anticipated lease extensions, TPR's operating leases would expire at various dates through October 2049. Certain leases require TPR to pay all executory costs such as taxes, maintenance, and insurance. The following summarizes the weighted average remaining lease term and discount rate as of September 30:

	2025	2024
Weighted Average Remaining Lease Term:		
Operating leases	18.6 years	19.5 years
Weighted Average Discount Rate:		
Operating leases	3.79%	3.79%

The maturities of lease liabilities as of September 30, 2025 were as follows:

Year Ending September 30,	Amount
2026	\$ 200,485
2027	206,613
2028	215,062
2029	224,210
2030	231,626
Thereafter	3,842,652
Total lease payment	4,920,648
Less: interest	(1,546,034)
Present value of lease liabilities	\$ 3,374,614

Rental expenses were \$332,922 and \$348,392 for each of the years ended September 30, 2025 and 2024, respectively.

11 DEFERRED REVENUE

The changes in TPR's deferred revenue for the years ended September 30, 2025 and 2024 are comprised of the following:

	2025	2024
Balance at beginning of year	\$ 255,113	\$ 1,736
Additions:		
Revenue for events in upcoming year	4,785	1,496
Conditional grant revenue for transmitter upgrades	-	275,000
Reductions:		
Event revenue earned	(1,819)	(1,413)
Expenditures for transmitter upgrades	(253,294)	(21,706)
Balance at end of year	\$ 4,785	\$ 255,113

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

12 PROGRAM UNDERWRITING CONTRACTS

Program underwriting contracts revenue consisted of the following:

	<u>2025</u>	<u>2024</u>
Business memberships	\$ 399,211	\$ 356,248
Underwriting contracts	<u>1,175,773</u>	<u>1,318,437</u>
	<u>\$ 1,574,984</u>	<u>\$ 1,674,685</u>

13 RETIREMENT PLAN

TPR has established a Simple IRA retirement plan under which TPR will contribute to any eligible employee's IRA plan, a total of 2% of their annual salary. An eligible employee is an employee who earned at least \$5,000 per year, including part-time employees. Retirement contributions for the years ended September 30, 2025 and 2024 were \$67,430 and \$56,168, respectively, which is included in employee benefits expense.

14 FUNDRAISING EXPENSE

Total fundraising expense for the years ended September 30, 2025 and 2024 was \$1,037,553 and \$860,063, respectively.

15 NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2025 and 2024, net assets with donor restrictions consisted of the following:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose or time period:		
Challenge grants	\$ 47,000	\$ 10,000
Other grants	<u>110,000</u>	<u>110,000</u>
Total net assets subject to expenditure for specified purpose or time period:	157,000	120,000
Subject to restrictions that are perpetual in nature:		
Endowment corpus for support of TPR	<u>522,662</u>	<u>454,970</u>
Total net assets with donor restrictions	<u>\$ 679,662</u>	<u>\$ 574,970</u>

Net assets were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose or time restrictions:		
Challenge grants released	\$ 593,129	\$ 324,669
Other grants released	688,133	721,229
Capital campaign expenditures	<u>-</u>	<u>350,340</u>
Net assets released from restriction	<u>\$ 1,281,262</u>	<u>\$ 1,396,238</u>

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

16 ENDOWMENT FUNDS

General Information

TPR maintains various endowment funds established for specific purposes. These endowments include both donor-restricted endowment contributions and funds designated by the Board of Directors to function as endowments. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which was adopted by the State of Texas with an effective date of September 1, 2007. TPR formally adopted UPMIFA during the year ended September 30, 2012.

Background

In July 2006, the Uniform Law Commission (ULC) approved UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA) which governed the investment and management of donor-restricted endowment funds by not-for-profit organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require TPR to determine what constitutes prudent spending based upon consideration of the donor's intent that the endowment fund continues permanently, the purpose of the fund, and relevant economic factors. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just the original dollars contributed to the fund. Although the Act does not require that a specified amount be set aside as principal, the Act assumes that an organization will preserve "principal" by maintaining the purchasing power of amounts contributed and will spend "income" by making distributions using a reasonable spending rate.

Endowment Investment Objectives

Endowment investments are managed by professional money managers under the direction of the Finance Committee of the Board of Directors of TPR. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices while assuming a moderate level of investment risk.

To satisfy this performance objective, TPR relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TPR targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(Continued)

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

16 ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the years ended of September 30, 2025 and 2024 were as follows:

	2025			
	Without Donor Restrictions	With Donor Restrictions		Total Endowment
		Time or Purpose	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 300,028	\$ -	\$ 454,970	\$ 754,998
Contributions	-	-	20,900	20,900
Transfers	-	-	-	-
Investment income (loss)	(1,476)	-	(6,768)	(8,244)
Net appreciation (depreciation)	32,332	-	53,560	85,892
Amounts appropriated for expenditure	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, end of year	<u>\$ 330,884</u>	<u>\$ -</u>	<u>\$ 522,662</u>	<u>\$ 853,546</u>

	2024			
	Without Donor Restrictions	With Donor Restrictions		Total Endowment
		Time or Purpose	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 4,817	\$ -	\$ 367,690	\$ 372,507
Contributions	-	-	5,500	5,500
Transfers	295,211	-	-	295,211
Investment income (loss)	-	-	(1,283)	(1,283)
Net appreciation (depreciation)	-	-	83,063	83,063
Amounts appropriated for expenditure	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, end of year	<u>\$ 300,028</u>	<u>\$ -</u>	<u>\$ 454,970</u>	<u>\$ 754,998</u>

17 DONATED ASSETS AND SERVICES

TPR received gifts-in-kind for the years ended September 30, 2025 and 2024 as follows:

	2025	2024
Other donated furniture and equipment	\$ 8,756	\$ -
Use of land for broadcast tower	18,540	18,360
Advertising	6,460	59,954
Facilities usage	2,200	-
Food and catering	29,060	70,304
Member events	-	10,483
Premiums	695	-
Professional services	1,979	27,980
Programming	600	-
Promotional expense	-	18,279
Supplies	6,135	4,538
Travel	2,814	5,158
	<u> </u>	<u> </u>
Total in-kind contribution revenue	<u>\$ 77,239</u>	<u>\$ 215,056</u>

TPR's policy related to gifts-in-kind is to utilize the assets given to carry out the organization's mission where possible, and to monetize any assets given that do not relate directly to the organization's mission. If an asset is provided that does not allow TPR to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

TEXAS PUBLIC RADIO

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

18 REVENUE AND SUPPORT CONCENTRATIONS

TPR received Community Service Grants (CSGs) from the Corporation for Public Broadcasting (CPB). Under these grants, total federal support for the years ended September 30, 2025 and 2024 totaled \$362,982 and \$453,920, respectively, which amounted to 4.8% and 6.3% of total support and revenue, respectively.

During 2025, the federal government rescinded its funding of the CPB, and subsequent to year end, the board of the CPB voted to dissolve the organization. In light of these events, no further funding from CSGs is expected by TPR in the future.

19 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects TPR's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for amounts that are due in future years.

Cash and cash equivalents	\$ 2,163,659
Investments restricted or designated for endowment	853,545
Receivables:	
Accounts receivable	270,181
Promises to give, net	5,415
Financial assets at year end	<u>3,292,800</u>
Less those unavailable for general expenditure within one year, due to:	
Investments restricted or designated for endowment	(853,545)
Donor-restricted to expenditure for specific purposes	<u>(157,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,282,255</u>

As part of TPR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At September 30, 2025, TPR has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 122 days of average operating expenses.