



**Hampton Roads Educational
Telecommunications Association,
Inc.**

Financial Statements
Years Ended June 30, 2025 and 2024

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Telecommunications Association, Inc.**

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Independent Auditor's Report

The Board of Directors
Hampton Roads Educational Telecommunications Association, Inc.
Norfolk, Virginia

Opinion

We have audited the financial statements of Hampton Roads Educational Telecommunications Association, Inc. (WHRO), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 WHRO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

BDO USA, P.C.

January 8, 2026

Financial Statements

Hampton Roads Educational Telecommunications Association, Inc.

Statements of Financial Position

<i>June 30,</i>	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 295,437	\$ 327,882
Accounts receivable	262,287	373,370
Underwriting receivables	233,458	288,834
Promises to give, net	1,383,804	2,811,054
Inventory	16,913	22,308
Prepaid expenses	475,532	448,112
Total Current Assets	2,667,431	4,271,560
Property and equipment, net	7,956,160	8,413,345
Right-of-use assets	557,352	402,280
Promises to give, net	1,287,588	464,927
Split-interest agreements	4,955,698	4,606,295
Contract asset	807,133	651,932
Tower rights, net	470,830	517,906
Investments	17,848,922	13,519,472
Total Assets	\$ 36,551,114	\$ 32,847,717
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 500,000	\$ -
Note payable	87,170	82,472
Operating lease liabilities	79,344	82,694
Accounts payable	362,283	850,322
Accrued liabilities	912,853	885,541
Deferred revenue	287,209	191,045
Total Current Liabilities	2,228,859	2,092,074
Long-Term Liabilities		
Note payable	45,429	132,599
Operating lease liabilities	488,781	327,719
Total Liabilities	2,763,069	2,552,392
Net Assets		
Net assets without donor restrictions		
Undesignated	(875,649)	200,237
Net investment in property and equipment	7,823,561	8,198,274
Board-designated	18,130,686	13,705,008
Net assets without donor restrictions	25,078,598	22,103,519
Net assets with donor restrictions	8,709,447	8,191,806
Total Net Assets	33,788,045	30,295,325
Total Liabilities and Net Assets	\$ 36,551,114	\$ 32,847,717

See accompanying notes to financial statements.

Hampton Roads Educational Telecommunications Association, Inc.

Statements of Activities

<i>Year Ended June 30, 2025</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Membership	\$ 5,410,690	\$ -	\$ 5,410,690
Contributions, net	228,500	3,579,095	3,807,595
CPB funding	1,864,171	-	1,864,171
Program underwriting	1,193,439	-	1,193,439
eMediaVA	1,200,000	-	1,200,000
School assessments	876,176	-	876,176
Education sales and fees	73,415	-	73,415
Broadcast contracts	176,215	-	176,215
Tower rental fees	885,640	-	885,640
Spectrum license income	1,941,073	-	1,941,073
Production fees	72,676	-	72,676
Royalties and advertising	61,796	-	61,796
Transfer of board designated reserves for operations	1,613,182	-	1,613,182
Net assets released from restrictions for operations	794,776	(794,776)	-
Total Operating Revenue	16,391,749	2,784,319	19,176,068
Operating Expenses			
Program services	13,319,524	-	13,319,524
Management and general	1,441,550	-	1,441,550
Fundraising and development	2,143,047	-	2,143,047
Total Operating Expenses			
Excluding Depreciation and Amortization	16,904,121	-	16,904,121
Change in Net Assets from Operations before Depreciation and Amortization	(512,372)	2,784,319	2,271,947
Depreciation and amortization	1,056,637	-	1,056,637
Change in Net Assets from Operations	(1,569,009)	2,784,319	1,215,310
Nonoperating Revenue			
Contributions to board endowments, net	1,524,034	47,834	1,571,868
Net assets released from time restrictions for board endowment	2,829,204	(2,829,204)	-
Change in value of split interest agreements	-	474,368	474,368
Investment income, net	1,739,282	105,074	1,844,356
Transfer of board designated reserves for operations	(1,613,182)	-	(1,613,182)
Net assets released from restrictions for capital	64,750	(64,750)	-
Total Nonoperating Revenue	4,544,088	(2,266,678)	2,277,410
Change in Net Assets	2,975,079	517,641	3,492,720
Net Assets, beginning of year	22,103,519	8,191,806	30,295,325
Net Assets, end of year	\$ 25,078,598	\$ 8,709,447	\$ 33,788,045

See accompanying notes to financial statements.

Hampton Roads Educational Telecommunications Association, Inc.

Statements of Activities

<i>Year Ended June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Membership	\$ 5,113,073	\$ -	\$ 5,113,073
Contributions, net	122,850	219,362	342,212
CPB funding	1,573,175	-	1,573,175
Program underwriting	1,284,799	-	1,284,799
eMediaVA	1,000,000	-	1,000,000
School assessments	916,650	-	916,650
Education sales and fees	110,268	-	110,268
Broadcast contracts	663,920	-	663,920
Tower rental fees	852,797	-	852,797
Spectrum license income	1,941,025	-	1,941,025
Production fees	85,552	-	85,552
Royalties and advertising	69,765	-	69,765
Transfer of board designated reserves for operations	957,837	-	957,837
Net assets released from restrictions for operations	2,651,871	(2,651,871)	-
Total Operating Revenue	17,343,582	(2,432,509)	14,911,073
Operating Expenses			
Program services	14,059,639	-	14,059,639
Management and general	1,043,879	-	1,043,879
Fundraising and development	1,923,357	-	1,923,357
Total Operating Expenses			
Excluding Depreciation and Amortization	17,026,875	-	17,026,875
Change in Net Assets from Operations before Depreciation and Amortization	316,707	(2,432,509)	(2,115,802)
Depreciation and amortization	1,095,073	-	1,095,073
Change in Net Assets from Operations	(778,366)	(2,432,509)	(3,210,875)
Nonoperating Revenue			
Contributions to board endowments, net	509,469	2,558,369	3,067,838
Net assets released from time restrictions for board endowment	369,341	(369,341)	-
Change in value of split interest agreements	-	226,590	226,590
Investment income, net	1,517,032	111,345	1,628,377
Transfer of board designated reserves for operations	(957,837)	-	(957,837)
Net assets released from restrictions for capital	-	-	-
Total Nonoperating Revenue	1,438,005	2,526,963	3,964,968
Change in Net Assets	659,639	94,454	754,093
Net Assets, beginning of year	21,443,880	8,097,352	29,541,232
Net Assets, end of year	\$ 22,103,519	\$ 8,191,806	\$ 30,295,325

See accompanying notes to financial statements.

Hampton Roads Educational Telecommunications Association, Inc.

Statements of Functional Expenses

Year Ended June 30, 2025	Program Services				Management and General	Fundraising and Development	Total
	Journalism	Content	Education	Engineering			
Salaries and wages	\$ 1,167,715	\$ 2,515,090	\$ 1,561,454	\$ 1,260,610	\$ 670,113	\$ 1,367,936	\$ 8,542,918
Payroll taxes	83,340	179,180	110,882	89,121	48,044	97,040	607,607
Retirement	43,641	68,528	52,104	38,907	24,739	45,915	273,834
Employee benefits	84,753	270,678	139,156	129,660	56,954	127,375	808,576
Total Personnel	1,379,449	3,033,476	1,863,596	1,518,298	799,850	1,638,266	10,232,935
Computer maintenance contracts	64,736	143,099	91,054	146,579	171,794	76,881	694,143
Conferences, seminars and training	4,708	7,303	13,991	1,886	3,369	6,775	38,032
Contributions	-	-	48,409	-	-	-	48,409
Consultant fees	4,726	10,391	6,385	5,430	12,542	8,369	47,843
Credit card and bank fees	47,038	34,624	25,172	20,374	41,767	18,692	187,667
Dues and licenses	9,126	22,544	11,151	7,238	15,668	24,735	90,462
Education software and licenses	-	-	49,355	-	-	-	49,355
Fundraising premiums	-	332	-	-	-	58,974	59,306
Hospitality and travel	32,096	35,158	46,038	18,278	12,721	67,955	212,246
Independent contractors	110,858	23,569	202,651	38	92	41	337,249
Insurance	25,078	53,407	32,810	26,731	64,450	28,843	231,319
Interest and taxes	1,321	2,904	1,784	12,287	3,505	1,569	23,370
Listing services and audience research	310	681	418	5,110	822	368	7,709
Loss on disposal of property and equipment	13	29	17	14	34	15	122
Marketing and advertising	14,338	26,786	13,318	9,145	22,051	12,600	98,238
NPR fees	-	684,477	-	-	-	-	684,477
Paper, printing and stationery	9,017	15,139	11,645	7,405	17,854	7,990	69,050
Postage and shipping	67,674	116,201	82,177	72,071	297	48,220	386,640
Production costs	342	11,448	6,873	1,712	897	1,797	23,069
Professional fees	27,617	65,842	38,737	34,627	73,290	32,799	272,912
Program fees	1,066	425,785	109,856	1,173	2,828	1,265	541,973
Public Broadcasting Service fees	-	1,088,078	-	-	-	-	1,088,078
Rent	7,489	16,942	10,117	148,741	19,874	11,894	215,057
Repairs and maintenance	24,535	58,028	30,691	179,414	59,254	26,517	378,439
Supplies and subscriptions	22,100	13,661	51,342	4,651	3,411	16,936	112,101
Telephone and bandwidth	25,120	55,377	33,936	36,678	66,662	29,833	247,606
Utilities	18,283	40,204	24,699	372,897	48,518	21,713	526,314
Total Expenses Before Depreciation and Amortization	1,897,040	5,985,485	2,806,222	2,630,777	1,441,550	2,143,047	16,904,121
Depreciation and amortization	106,358	233,886	143,687	164,140	282,252	126,314	1,056,637
Total	\$ 2,003,398	\$ 6,219,371	\$ 2,949,909	\$ 2,794,917	\$ 1,723,802	\$ 2,269,361	\$ 17,960,758

See accompanying notes to financial statements.

Hampton Roads Educational Telecommunications Association, Inc.

Statements of Functional Expenses

Year Ended June 30, 2024	Program Services				Management and General	Fundraising and Development	Total
	Journalism	Content	Education	Engineering			
Salaries and wages	\$ 868,641	\$ 2,938,150	\$ 1,528,430	\$ 1,261,400	\$ 454,047	\$ 1,144,753	\$ 8,195,421
Payroll taxes	66,582	200,347	114,566	93,798	32,374	86,014	593,681
Retirement	33,994	91,138	57,896	42,198	17,158	43,696	286,080
Employee benefits	80,209	287,540	144,043	150,642	31,540	92,420	786,394
Total Personnel	1,049,426	3,517,175	1,844,935	1,548,038	535,119	1,366,883	9,861,576
Computer maintenance contracts	45,777	158,438	101,719	138,586	144,182	62,824	651,526
Conferences, seminars and training	695	7,859	19,522	14,092	4,757	7,358	54,283
Contributions	-	-	24,489	-	-	-	24,489
Consultant fees	15,374	52,619	27,383	22,901	48,423	78,727	245,427
Credit card and bank fees	50,187	55,380	51,911	52,280	6,566	2,816	219,140
Dues and licenses	7,690	41,129	17,681	7,951	15,002	20,600	110,053
Education software and licenses	-	-	68,844	-	-	-	68,844
Fundraising premiums	-	89	-	-	-	53,583	53,672
Hospitality and travel	16,020	64,974	69,949	18,849	11,800	63,694	245,286
Independent contractors	62,945	113,571	450,328	704	196	608	628,352
Insurance	17,966	63,182	29,974	25,068	53,004	22,605	211,799
Interest and taxes	1,183	4,050	2,108	2,797	3,726	1,590	15,454
Listing services and audience research	468	1,599	833	697	1,473	628	5,698
Loss on disposal of property and equipment	-	-	-	2,346	-	-	2,346
Marketing and advertising	20,762	47,651	23,364	20,299	806	13,794	126,676
NPR fees	-	672,703	-	-	-	-	672,703
Paper, printing and stationery	6,736	16,066	11,355	8,622	586	30,059	73,424
Postage and shipping	101,928	108,889	105,291	103,732	1,288	3,654	424,782
Production costs	2,058	40,485	28,766	235	477	4,541	76,562
Professional fees	21,994	82,972	44,836	38,611	67,737	29,019	285,169
Program fees	474	416,276	40,811	4,834	1,494	637	464,526
Public Broadcasting Service fees	-	997,881	-	-	-	-	997,881
Rent	6,198	21,701	12,055	161,260	19,523	8,326	229,063
Repairs and maintenance	19,720	66,148	34,053	220,595	56,019	23,902	420,437
Supplies and subscriptions	20,350	16,941	43,770	7,813	3,623	12,532	105,029
Telephone and bandwidth	20,388	81,690	38,496	32,745	20,658	94,754	288,731
Utilities	15,056	51,530	26,816	302,902	47,420	20,223	463,947
Total Expenses Before Depreciation and Amortization	1,503,395	6,700,998	3,119,289	2,735,957	1,043,879	1,923,357	17,026,875
Depreciation and amortization	85,998	294,338	153,175	175,180	270,865	115,517	1,095,073
Total	\$ 1,589,393	\$ 6,995,336	\$ 3,272,464	\$ 2,911,137	\$ 1,314,744	\$ 2,038,874	\$ 18,121,948

See accompanying notes to financial statements.

Hampton Roads Educational Telecommunications Association, Inc.

Statements of Cash Flows

Years Ended June 30,	2025	2024
Operating Activities		
Change in net assets	\$ 3,492,720	\$ 754,093
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,009,561	1,047,997
Amortization of tower rights	47,076	47,076
Amortization of right-of-use assets	99,580	115,747
Realized and unrealized gain on investments	(1,382,277)	(1,275,471)
Change in value of split-interest agreements	(474,368)	(226,590)
Loss on disposal of property and equipment	122	2,346
Changes in value of operating assets and liabilities		
Accounts and underwriting receivables	166,459	50,934
Promises to give	604,589	(1,979,529)
Inventory	5,395	499
Prepaid expenses	(27,420)	(11,756)
Contract asset	(155,201)	(190,166)
Accounts payable and accrued liabilities	(460,727)	425,624
Operating lease liabilities	(96,940)	(107,614)
Deferred revenue	96,164	(107,979)
Net Cash Provided by (Used in) Operating Activities	2,924,733	(1,454,789)
Investing Activities		
Purchases of investments	(6,792,986)	(3,570,382)
Proceeds from sale of investments	3,845,813	2,895,337
Purchase of property and equipment	(552,498)	(731,042)
Net Cash Used in Investing Activities	(3,499,671)	(1,406,087)
Financing Activities		
Cash received from split-interest agreements	124,965	117,267
Borrowings on line of credit	500,000	-
Repayments on notes payable	(82,472)	(78,028)
Net Cash Provided by Financing Activities	542,493	39,239
Net Decrease in Cash, Cash Equivalents	(32,445)	(2,821,637)
Cash, Cash Equivalents, beginning of year	327,882	3,149,519
Cash, Cash Equivalents, end of year	\$ 295,437	\$ 327,882
Supplemental Cash Flow Information		
Cash paid for interest	\$ 12,139	\$ 14,307
Supplemental Noncash Investing and Financing Activities		
Right-of-use assets from operating leases established during the year	\$ 254,652	\$ 412,902
Lease liabilities from operating leases established during the year	\$ 254,652	\$ 412,902

See accompanying notes to financial statements.

Hampton Roads Educational Telecommunications Association, Inc.

Notes to Financial Statements

1. Nature of Organization

The Hampton Roads Educational Telecommunications Association, Inc. (“WHRO” or the “Organization”) is a nonprofit public media organization serving approximately 2.2 million residents in eastern Virginia. Established in 1961 by the Norfolk and Hampton school boards to enhance classroom education, WHRO is uniquely owned by 21 public school divisions in the Hampton Roads region.

The Organization promotes education, culture, and civic engagement through a variety of media services, including educational and public affairs programming, television and radio broadcasts, and digital content available via WHRO’s stations, live streams on WHRO.org, and the WHRO Media App. Television content is also available for on-demand streaming through WHRO Plus.

WHRO utilizes creativity and technology to deliver content that educates, informs, and engages its audiences. In addition to broadcast programming, the Organization provides digital learning resources to educators and students across Virginia through eMediaVA, an online learning platform offering 30 media-rich, Standards of Learning (SOL)-aligned online courses. WHRO also supports teacher professional development through online courses and training workshops.

Licensed by the Federal Communications Commission (FCC), WHRO operates six noncommercial public television channels—WHRO 15 Digital, including WHRO HD, WHRO Kids, WHRO World, WHRO Create, FNX, and WHRO Plus—and five noncommercial public radio stations: WHRO 90.3 FM, WHRV 89.5 FM, WFOS 88.7 FM, WFOS 99.3 FM, and AltRadio (digital). WHRO also operates the Radio Reading Service, known as The Voice, which provides programming for individuals who are visually impaired. In 2011, WHRO expanded its radio broadcast coverage by adding transmitters to improve service to rural and underserved areas.

Key transmitter call signs and frequencies include: 88.1 WHRL (WHRV) in Emporia; 88.5 WHRG (WHRV) in Gloucester Point; 89.9 WHRJ (WHRO) in Gloucester Courthouse; 91.9 WHRE (WHRV) in Eastville; 90.1 WHRX (WHRV) in Nassawaddox; and 98.3 WHRF (WHRO) in Belle Haven. Live audio streams for WHRO, WHRV, WFOS, The Voice, and AltRadio are available through WHRO.org.

WHRO’s primary studios, technical facilities, and administrative offices are located in Norfolk, Virginia, with a satellite office and studio in Williamsburg. The Organization’s principal transmission facilities are located in Suffolk, with additional FM transmission sites and multi-point microwave relay towers situated throughout eastern Virginia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of WHRO are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and have been prepared on the accrual basis of accounting.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and

Hampton Roads Educational Telecommunications Association, Inc.

Notes to Financial Statements

liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, cash and cash equivalents are defined as all demand deposits, certificate of deposits, and highly liquid debt instruments purchased with an original maturity of three months or less, other than those maintained as a part of investment portfolios.

Accounts and Underwriting Receivables

Management considers the need for an allowance for credit losses based on its review of receivables and historical collection experience. WHRO writes off receivables as a charge to the allowance, when in their estimation, it is probable the receivable is worthless. Accounts and underwriting receivables are considered past due if payments are not received by the due date stated on the billing statement. Past due accounts are not charged a monthly finance charge. Management considers all accounts to be collectible and, accordingly, has not provided an allowance for credit losses.

Promises to Give

Promises to give represent unconditional promises to give and are recorded at net realizable value. Promises to give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment. WHRO writes off promises to give as a charge to the allowance when in their estimation it is probable the receivable is worthless. Conditional promises to give are not included as support until the conditions are substantially met.

Inventory

Inventory consists of fundraising gifts of appreciation and is valued at the lower of cost or net realizable value using the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost. Asset purchases of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is calculated using the straight-line method based on the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	5-35
Antennas and towers	5-40
Transmitters	5-20
Radio equipment	3-30
Engineering equipment	4-25
Other equipment	3-20

Hampton Roads Educational Telecommunications Association, Inc.

Notes to Financial Statements

Leases

WHRO determines if an arrangement is a lease and classified as operating or financing at contract inception. A lease exists when a contract conveys to a party the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The lease term at the commencement date includes any renewal options or termination options when it is reasonably certain that WHRO will exercise or will not exercise those options, respectively. WHRO recognizes a lease liability at the lease commencement date, discounted using the rate implicit in the lease or using the risk-free interest rate as a practical expedient when the implicit cannot be readily determined. A right-of-use lease asset is recognized based on the lease liability value adjusted for any prepaid lease payments, initial direct costs, or lease incentives.

Additionally, WHRO has elected to not separate lease and nonlease components for all asset classes. Further, any leases with an initial term of 12 months or less are not recorded on the statements of financial position but recognized as lease expense on a straight-line basis over the lease term. See Note 17 for more information on WHRO's leases.

Split-interest Agreements

WHRO's split-interest agreements are carried at their fair values in the statements of financial position. Changes in fair value are included in changes in net assets in the accompanying statements of activities.

Investments

WHRO's investments are carried at their fair values in the statements of financial position. Changes in fair value are included in the change in net assets in the accompanying statements of activities.

Deferred Revenue

Deferred revenue results from amounts received in advance for fees or production of programs that will not occur until the following fiscal year. Accordingly, this revenue is deferred and then recognized in the subsequent year when it is earned.

Net Asset Classification

WHRO classifies its net assets into two categories as defined below:

Net Assets without Donor Restrictions - Net assets without donor restrictions consist of amounts available for the general operations of WHRO as well as net assets that have been designated by the Board of Directors for specific purposes.

Net Assets with Donor Restrictions - Net assets with donor restrictions consist of gifts of cash or other assets whose use is subject to stipulations imposed by donors. 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 restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit WHRO to use the income earned on the related investments for general or specific purposes. Donor restricted contributions whose purpose restrictions are met in the same reporting period are reported as net assets without donor restrictions. When a donor restriction expires, that is, when a

Hampton Roads Educational Telecommunications Association, Inc.

Notes to Financial Statements

stipulated time restriction ends, or a purpose restriction is accomplished, net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions for operations or nonoperating activities.

Operating Measure

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of items attributable to WHRO's ongoing program services. Nonoperating activities are limited to resources that generate return from investments as well as other activities considered to be of a more unusual or nonrecurring nature.

Advertising

Advertising costs are charged to operations when incurred and totaled \$94,154 and \$126,064 for the years ended June 30, 2025 and 2024, respectively.

Functional Allocation of Expenses

The costs of providing WHRO's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses that can be identified with a specific program, management and general, or fundraising and development service are charged directly according to their natural expenditure classifications. Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. Other expenses are allocated based on estimates of time and effort.

Income Taxes

WHRO is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Exempt organizations are subject to tax on income from regularly conducted trade or business activities that are not substantially related to WHRO's exempt purpose. WHRO has net operating loss carryforwards of approximately \$2,139,000 and \$2,102,000 related to its unrelated business income at June 30, 2025 and 2024, respectively. Approximately \$1,165,000 of these loss carryforwards will begin to expire in tax year 2038 and \$974,000 are unlimited. Deferred tax assets were \$550,618 and \$541,056 at June 30, 2025 and 2024, respectively. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Management has recorded a valuation allowance of \$550,618 and \$541,056 at June 30, 2025 and 2024, respectively. The increase in the valuation allowance was \$9,562 and \$9,103 for the years ended June 30, 2025 and 2024, respectively. Returns are generally subject to examinations for three years from the date filed. This period of limitations has expired for tax years prior to 2021. Management continually evaluates tax positions reflected in WHRO's tax filings and does not believe that any material uncertain tax positions exist.

Hampton Roads Educational Telecommunications Association, Inc.

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3. Revenue Recognition

WHRO generates revenue primarily from program underwriting, eMediaVA, and spectrum license income. WHRO recognizes revenue as transfer of promised goods and services to the customer occurs.

Program Underwriting

WHRO receives sponsorships from customers to underwrite the cost of some of its programs and productions. The performance obligation occurs each time a sponsor is mentioned on one of WHRO's media outlets (spots). The transaction price is allocated amongst the total number of spots in the contract based on a market approach, thus the transaction price is allocated on a pro rata basis. Revenue for program underwriting is recognized at a point in time, which occurs when the individual spot is run on the media outlet specified in the contract. Payment terms are typically 30 days.

eMediaVA

WHRO has an annual contract with the Virginia Department of Education to provide Virginia teachers and students access to free SOL-aligned learning content for the classroom. The contract consists of one distinct performance obligation to include the delivery of the online platform, content, and support service. The transaction price is stated within the contract. Revenue is recognized over time using the input method, under which revenue is recognized as time lapses over the course of the annual contract. Billing occurs monthly, with payment terms of 30 days.

School assessments, education sales and fees, and broadcast contracts are recognized over the term of the contract or as the services are provided. Production fees and royalties and advertising are recognized at a point in time when the services are provided.

Spectrum License Income

The Federal Communications Commission (FCC) granted broadband spectrum licenses to WHRO. Under the arrangement, WHRO has approval from the FCC on multiple De Facto Transfer leases, whereby WHRO retains legal control of the license, but is able to grant usage to third-party customers for a fixed period of time. Each contract consists of one distinct performance obligation to provide the customer the benefit of leased spectrum. As the nature of the license access allows the customer to benefit from the license over the term of the contract, revenue is recognized ratably over the contractual term. The amount of monthly billing is determined based on each agreement's payment schedule and includes an upfront payment that is recognized ratably over the contractual term. This timing difference in billings and revenue recognition results in a contract asset on the statements of financial position.

Revenue recognized in the statements of activities is considered to be revenue from contracts with customers in accordance with Accounting Standards Codification (ASC) Topic 606 with the exception of membership, contributions, CPB funding, contributions to board endowment, and change in value of split-interest agreements which are all within the scope of Topic 958, *Not-for-Profit Entities*. Investment income, and tower rental fees, would also be an exception to ASC Topic 606, as these streams fall within the scopes of ASC Topics 320, 321, and 842.

Hampton Roads Educational Telecommunications Association, Inc.

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The following table disaggregates WHRO's revenue recognized based on the satisfaction of performance obligations and timing of transfer of services.

<i>June 30,</i>	2025	2024
Revenue recognized over time		
eMediaVA	\$ 1,200,000	\$ 1,000,000
School assessments	876,176	916,650
Education sales and fees	73,415	110,268
Broadcast contracts	176,215	663,920
Spectrum license income	1,941,073	1,941,025
Revenue recognized at a point in time		
Program underwriting	1,193,439	1,284,799
Production fees	72,676	85,552
Royalties and advertising	61,796	69,765
Total	\$ 5,594,790	\$ 6,071,979

4. Liquidity and Availability of Resources

WHRO's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

<i>June 30,</i>	2025	2024
Cash and cash equivalents	\$ 295,437	\$ 327,882
Accounts receivable	262,287	373,370
Underwriting receivables	233,458	288,834
Promises to give, net	2,671,392	3,275,981
Split-interest agreements	4,955,698	4,606,295
Investments	17,848,922	13,519,472
Total Financial Assets	26,267,194	22,391,834
Adjustments for amounts not available for general expenditures within one year		
Net assets with donor restrictions	(8,709,447)	(8,191,806)
Board-designated net assets	(18,130,686)	(13,705,008)
Endowment spending distributions	644,678	543,142
Total Financial Assets Available for General Expenditures within One Year	\$ 71,739	\$ 1,038,162

As part of WHRO'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. To help manage unanticipated liquidity needs, WHRO has a \$5,500,000 line of credit of which \$500,000 was used at June 30, 2025. The line of credit was unused at June 30, 2024. See Note 11.

Hampton Roads Educational Telecommunications Association, Inc.

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5. Promises to Give

Promises to give consist of the following:

<i>June 30,</i>	2025	2024
Amounts due within one year	\$ 1,383,804	\$ 2,811,054
Amounts due in more than one year but less than five years	1,355,674	522,442
Total Promises To Give	2,739,478	3,333,496
Less allowance for uncollectible promises to give	(3,395)	(33,335)
Less discounts to present value (3.56% - 5.12%)	(64,691)	(24,180)
Total Promises to Give, Net	\$ 2,671,392	\$ 3,275,981

These amounts are reflected in the statements of financial position as follows:

<i>June 30,</i>	2025	2024
Promises to give, net, current	\$ 1,383,804	\$ 2,811,054
Promises to give, net, other	1,287,588	464,927
Total Promises to Give, Net	\$ 2,671,392	\$ 3,275,981

Promises to give are principally from donors in the Hampton Roads area. One donor represented 75% of promises to give at June 30, 2024. Two donors represented 88% of promises to give at June 30, 2025.

6. Split-Interest Agreements

WHRO is the income beneficiary of a charitable lead annuity trust which is held with an unrelated third party. Under the terms of the split-interest agreement, WHRO is to receive 4% of the fair value of the trust annually for its general scientific and educational use until the donor's death. At the time of the donor's death, the trust is to terminate, and the remaining trust assets are to be distributed to others. The receivable for the split-interest agreement is carried at fair value, which WHRO has estimated based on the present value of its expected future cash inflows. The fair value at June 30, 2025 and 2024 was \$385,868 and \$373,617, respectively. WHRO received \$114,965 and \$102,266 from the trust in 2025 and 2024, respectively, which was recorded as a reduction in the receivable and a corresponding reclassification from net assets with donor restriction to net assets without donor restriction. On an annual basis, WHRO revalues the split-interest agreement receivable based on applicable mortality tables and current market conditions. WHRO recorded an increase of \$127,217 and a decrease of (\$375,845), for the change in value of the split-interest agreement for the years ended June 30, 2025 and 2024, respectively.

WHRO is also an income beneficiary of two charitable remainder trusts which are held with an unrelated third party. The terms of the split-interest agreements specify that both trusts will terminate 15 years after the date of the donor's death, January 20, 2014. Under the first trust, annual distributions are made to various nonprofit beneficiaries at the discretion of the trustee. Upon termination, WHRO will receive 10% of the remaining trust principal and accrued income. No distribution was received for the years ended June 30, 2025 and 2024. Under the second trust, 6% of the fair value of the trust is distributed annually to the donor's beneficiaries. WHRO will receive

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10% of the remaining balance of principal and income upon termination. The balance of the trusts is carried at fair value, which WHRO has estimated based on the present value of expected future cash inflows. The fair value of the trusts at June 30, 2025 and 2024 is \$2,211,831 and \$2,116,258, respectively. WHRO recorded an increase of \$105,572 and \$181,146 for the change in value of the split-interest agreement for the years ended June 30, 2025 and 2024, respectively. WHRO received \$10,000 and \$15,000 from the second trust in 2025 and 2024, respectively, which was recorded as a reduction in the receivable and a corresponding reclassification from net assets with donor restriction to net assets without donor restriction.

WHRO is the income beneficiary of a perpetual trust which is held with an unrelated third party. The terms of the split-interest agreement specify that WHRO holds 30% interest in the trust. The principal of this perpetual trust will remain intact. Annually, the trustee will distribute net income pro rata amongst the beneficiaries designated in the trust. The fair value of the trust at June 30, 2025 and 2024 is \$2,180,715 and \$1,921,604, respectively. WHRO recorded an increase in fair value of \$259,111 and \$421,289 for the years ended June 30, 2025 and 2024, respectively. WHRO received \$93,199 and \$91,219 from the trust in 2025 and 2024, respectively, which was recorded as investment income in the statements of activities.

WHRO is the income beneficiary of a second perpetual trust which is held with an unrelated third party. The terms of the split-interest agreement specify that WHRO holds 7.5% interest in the trust. The principal of this perpetual trust will remain intact. Annually, the trustee will distribute net income pro rata amongst the trust's beneficiaries. The fair value of the trust at June 30, 2025 and June 30, 2024 is \$177,284 and \$194,816, respectively. WHRO recorded a decrease in fair value of (\$17,532) for the year ended June 30, 2025. WHRO received \$8,250 from the trust for the year ended June 30, 2024, which was recorded as investment income in the statement of activities. No distributions were received for the year ended June 30, 2025.

7. Tower Rights

Intangible assets with finite lives are amortized over their estimated useful lives. During the year ended June 30, 2000, WHRO entered into an agreement to sell one of its existing broadcasting towers and the related right to construct a new digital tower and to lease the land related to the towers under a 35 year ground lease. In consideration for the sale and the first ten years of the ground lease, WHRO received \$1,750,000 in cash, the right to use the existing tower for analog broadcasting (until the analog signal is phased out), and the right to broadcast its signal from the new tower for 35 years.

Tower rights are as follows:

June 30,

	2025		2024	
	Gross Carrying Amounts	Accumulated Amortization	Gross Carrying Amounts	Accumulated Amortization
Tower rights	\$ 2,252,587	\$ 1,781,757	\$ 2,252,587	\$ 1,734,681

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Future estimated amortization expense is as follows:

<i>Year Ending June 30,</i>		
2026	\$	47,081
2027		47,081
2028		47,081
2029		47,081
2030		47,081
Thereafter		235,425
Total	\$	470,830

8. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2025	2024
Land	\$ 377,677	\$ 377,677
Buildings and improvements	5,864,522	5,852,130
Antennas and towers	3,750,273	3,989,687
Transmitters	3,330,642	3,334,669
Radio equipment	2,205,063	2,358,389
Engineering equipment	2,346,918	2,945,856
Other equipment	6,383,665	6,771,179
Construction in progress	-	29,064
	24,258,760	25,658,651
Less: accumulated depreciation	(16,302,600)	(17,245,306)
Property and Equipment, Net	\$ 7,956,160	\$ 8,413,345

Depreciation expense was \$1,009,561 and \$1,047,997 for the years ended June 30, 2025 and 2024, respectively.

9. Investment Income

Net investment income consists of the following:

<i>Years Ended June 30,</i>	2025	2024
Interest and dividends, net	\$ 462,079	\$ 352,906
Realized gain on investments	88,174	166,534
Unrealized gain on investments	1,294,103	1,108,937
Total Net Investment Income	\$ 1,844,356	\$ 1,628,377

Hampton Roads Educational Telecommunications Association, Inc.

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10. Fair Value Measurements

WHRO has certain assets that are valued using a fair value hierarchy. The three levels of fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - observable inputs that include quoted market prices for similar assets; quoted market prices that are not in an active market; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following tables present WHRO's assets that are measured at fair value on a recurring basis for each hierarchy level at:

June 30, 2025

	Fair Value			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 1,346,202	\$ -	\$ -	\$ 1,346,202
Fixed income bonds				
US	-	4,729,970	-	4,729,970
Global	-	1,861	-	1,861
Equity funds				
US	9,165,774	-	-	9,165,774
Global	376,667	-	-	376,667
International	1,405,011	-	-	1,405,011
Hedge funds	823,437	-	-	823,437
Total Investments	\$ 13,117,091	\$ 4,731,831	\$ -	\$ 17,848,922
Split-interest agreements	\$ -	\$ -	\$ 4,955,698	\$ 4,955,698

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June 30, 2024

	Fair Value			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 210,189	\$ -	\$ -	\$ 210,189
Fixed income bonds				
US	-	3,595,962	-	3,595,962
Global	-	130,376	-	130,376
Equity funds				
US	7,442,713	-	-	7,442,713
Global	291,586	-	-	291,586
International	1,072,795	-	-	1,072,795
Hedge funds	775,851	-	-	775,851
Total Investments	\$ 9,793,134	\$ 3,726,338	\$ -	\$ 13,519,472
Split-interest agreements	\$ -	\$ -	\$ 4,606,295	\$ 4,606,295

The following table presents a reconciliation of assets in which significant unobservable inputs (Level 3) were used to determine fair value:

<i>Years Ended June 30,</i>	2025	2024
Fair value, beginning of year	\$ 4,606,295	\$ 4,496,972
Cash received from split-interest agreements	(124,965)	(117,267)
Change in value of split-interest agreements	474,368	226,590
Fair Value, end of year	\$ 4,955,698	\$ 4,606,295

11. Notes Payable

Line of Credit

WHRO has a \$5,500,000 line of credit with Bank of America. There was \$500,000 and no balance outstanding as of June 30, 2025 and 2024, respectively. Advances on the credit line are payable on demand with interest accruing at a variable interest rate equal to the Daily Secured Overnight Financing Rate (SOFR) plus 1.25%, which was 5.64% and 6.64% at June 30, 2025 and 2024, respectively. The credit line is collateralized by all WHRO investment accounts held by Bank of America.

Notes Payable

<i>June 30,</i>	2025	2024
Equipment loan payable in monthly installments of \$7,965, including interest of 5.55%. The note matures on December 1, 2026 and is secured by equipment.	\$ 132,599	\$ 215,071
Less: current portion	(87,170)	(82,472)
Total Long-Term Note Payable	\$ 45,429	\$ 132,599

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Future maturities of the note payable are as follows:

<i>Year Ending June 30,</i>		
2026	\$	87,170
2027		45,429
Total	\$	132,599

12. Board-Designated Net Assets

Board-designated net assets include quasi-endowment funds which consists of unrestricted income which the board has designated for program and supporting services use. These quasi-endowment funds follow the spending policy of WHRO endowments as discussed in Note 15. Since all board-designated net assets result from an internal designation, they are not considered net assets with donor restrictions, but are classified and reported as net assets without donor restrictions.

Board-designated net assets are available for the following purposes:

<i>June 30,</i>	2025	2024
Operating	\$ 10,460,308	\$ 8,834,583
Arts	1,468,603	1,351,937
Education	1,167,935	1,075,121
Journalism	5,033,840	2,443,367
Total Board-Designated Net Assets	\$ 18,130,686	\$ 13,705,008

13. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

<i>June 30,</i>	2025	2024
Restricted for specific purpose or time		
Education	\$ 785,473	\$ -
Time	5,269,091	5,765,857
Journalism	-	12,644
Total Restricted for Specific Purpose or Time	6,054,564	5,778,501
Restricted in perpetuity		
Education	100,000	100,000
Programming	2,382,999	2,141,421
Operations	171,884	171,884
Total Restricted in Perpetuity	2,654,883	2,413,305
Total Net Assets with Donor Restrictions	\$ 8,709,447	\$ 8,191,806

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14. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the purposes or time restrictions specified by donors as follows:

<i>Years Ended June 30,</i>	2025	2024
Education	\$ 318,528	\$ 1,922,949
Time	2,954,170	486,607
Journalism	314,958	504,312
Programming	94,199	100,469
Operations	6,875	6,875
Total Net Assets Released from Restrictions	\$ 3,688,730	\$ 3,021,212

The related net assets released are presented in the accompanying statements of activities as follows:

<i>Years Ended June 30,</i>	2025	2024
Net assets released for operations	\$ 794,776	\$ 2,651,871
Net assets released for time	2,829,204	369,341
Net assets released for capital	64,750	-
Total Net Assets Released from Restrictions	\$ 3,688,730	\$ 3,021,212

15. Endowments

WHRO's endowment consists primarily of funds designated by its Board of Directors as well as donor-restricted endowment funds, which are classified and reported based on the existence or absence of donor-imposed restrictions. WHRO's policy is to designate all unrestricted bequests to their board endowment.

Governing Board's Interpretation of Law

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. At June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, WHRO retains in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by WHRO in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- (1) The duration and preservation of the fund;
- (2) The purpose of WHRO and the donor-restricted endowment fund;

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- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of WHRO;
- (7) The investment policies of WHRO.

Investment Return Objectives and Risk Parameters

WHRO has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WHRO must hold in perpetuity or for a donor-specified period as well as board-designated funds. To satisfy its long-term rate-of-return objectives, WHRO 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). WHRO targets a diversified asset allocation that places a greater emphasis on fixed income and equity investments to achieve its long-term objective within prudent risk constraints. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs. WHRO expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Spending Policy

WHRO's policy on their endowment funds is to appropriate for distribution 4% of a trailing 12 quarter moving average of the fair value of the pool for the period ending on the previous December 31. Spending under the policy must not invade the historical dollar value of the endowment unless specifically authorized by agreement with the donor. The Board of Directors, or the Executive Committee, must specifically authorize exceptions to the policy with respect to board endowment funds. If in any one year, the full spending rate is not expended, the unspent portion carries forward and is added to subsequent year's spending rate. In establishing these policies, WHRO considered the long-term expected return on its endowment. Accordingly, over the long term, WHRO expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with WHRO's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor and UPMIFA requires WHRO to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2025 and 2024.

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Endowment net asset composition by type of fund is as follows:

<i>June 30, 2025</i>	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 18,130,686	\$ -	\$ 18,130,686
Amounts required to be maintained in perpetuity by donor	-	2,654,883	2,654,883
Total Endowment Funds	\$ 18,130,686	\$ 2,654,883	\$ 20,785,569

<i>June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 13,705,008	\$ -	\$ 13,705,008
Amounts required to be maintained in perpetuity by donor	-	2,413,305	2,413,305
Total Endowment Funds	\$ 13,705,008	\$ 2,413,305	\$ 16,118,313

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2023	\$ 12,293,760	\$ 1,992,015	\$ 14,285,775
Contributions	509,469	421,290	930,759
Release from time restriction	369,341	-	369,341
Investment return, net	1,490,275	111,344	1,601,619
Expenditures	(957,837)	(111,344)	(1,069,181)
Balance, June 30, 2024	13,705,008	2,413,305	16,118,313
Contributions	1,524,034	241,578	1,765,612
Release from time restriction	2,829,204	-	2,829,204
Investment return, net	1,685,622	105,074	1,790,696
Expenditures	(1,613,182)	(105,074)	(1,718,256)
Balance, June 30, 2025	\$ 18,130,686	\$ 2,654,883	\$ 20,785,569

16. Rental Income

WHRO has entered into multiple agreements with various third-party vendors of telecommunications services in Eastern Virginia with lease terms expiring at various dates through 2056, some of which provide for an escalation clause at various times throughout the agreement. Most of these arrangements include one or more options to renew, with renewal terms that can extend the lease term five years or more. These leases do not contain any buyback agreements. WHRO allows the use of existing towers that are part of the Instructional Television Fixed Services (ITFS) system. During the years ended June 30, 2025 and 2024, WHRO recognized \$885,640 and \$852,797, respectively, of tower rental fees related to these agreements.

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Minimum future annual rentals to be received under current arrangements, for the next five years and thereafter are summarized as follows:

Year Ending June 30,

2026	\$	768,947
2027		696,477
2028		655,789
2029		655,331
2030		662,826
Thereafter		7,654,826
Total	\$	11,094,196

17. Leases

WHRO leases facilities and equipment under fixed payment terms ranging from month-to-month to 28 years. WHRO also leases land from related party school divisions under leases that contain variable lease payments not dependent on a rate or index. Such variable payments that do not depend on an index or a rate are generally not included in the consideration of the contract when determining the right-of-use asset and lease liability but are recognized as incurred. WHRO's lease agreements do not contain any material residual value guarantees or material restrictive covenants. There are no significant leases that have not yet commenced but create significant rights and obligations for WHRO.

WHRO recorded rent within the statements of functional expenses as follows:

Year Ended June 30, 2025

		Classification		
Operating lease cost				
Fixed rent expenses	Rent expense		\$	98,991
Fixed rent expenses	Repairs and maintenance			5,715
Short-term lease cost	Rent expense			13,910
Variable lease payments	Rent expense			102,156
Total Lease Cost			\$	220,772

Year Ended June 30, 2024

		Classification		
Operating lease cost				
Fixed rent expenses	Rent expense		\$	95,525
Fixed rent expenses	Repairs and maintenance			5,168
Short-term lease cost	Rent expense			30,832
Variable lease payments	Rent expense			102,706
Total Lease Cost			\$	234,231

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Weighted average lease terms and discounts used are as follows:

<i>Years Ended June 30,</i>	2025	2024
Weighted average remaining lease term	8.2 years	10.1 years
Weighted-average discount rate	3.6%	3.2%

Future payments due under operating leases at June 30, 2025 are as follows:

<i>June 30,</i>		
2026	\$	98,232
2027		99,389
2028		86,276
2029		85,735
2030		77,715
Thereafter		207,438
Total Lease Payments		654,785
Less: imputed interest		(86,660)
Total Lease Liabilities		568,125
Less: current portion of lease liabilities		(79,344)
Total Long-Term Lease Liabilities	\$	488,781

18. Employee Benefit Plans

WHRO maintains a §403(b) retirement plan (the Plan) covering non-leased employees, not covered by a collective bargaining agreement, and temporary part time employees who have accumulated 1,000 hours in a Plan year. Employees may contribute to the Plan subject to the limitations imposed by the Internal Revenue Service. WHRO makes a discretionary contribution for each eligible employee's compensation to the Plan. Employer contributions for the years ended June 30, 2025 and 2024 totaled \$273,834 and \$286,080, respectively.

19. Concentrations of Credit Risk

At various times during the years presented, WHRO may have had on deposit with a single financial institution more than \$250,000, which is the basic limit currently insured by the Federal Deposit Insurance Corporation (FDIC).

20. Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform with the current year financial statement presentation. These reclassifications had no effect on financial position or operating results as previously reported.

Hampton Roads Educational Telecommunications Association, Inc.

Notes to Financial Statements

21. Subsequent Events

Management has evaluated subsequent events through January 8, 2026, the date which the financial statements were available to be issued.

In July 2025, the United States Congress passed the Rescissions Act of 2025 terminating the funding of the Corporation for Public Broadcasting (CPB). This organization has historically provided significant annual grant funding to support WHRO's operations and assist in covering costs of NPR and PBS programs. This funding will not be received in the upcoming fiscal year. The board authorized use of board endowment funds to cover the loss in funding, however the organization solicited public support and expects to minimize the use of endowment funds.