

**KLRE-FM/KUAR-FM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**  
**(With independent auditor's report thereon)**

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## **Independent Auditor's Report**

Audit and Fiscal Responsibility Committee  
University of Arkansas System  
Little Rock, Arkansas

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of KLRE-FM/KUAR-FM ("the Station"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

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

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station 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**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station'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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Emphasis of Matter – Financial Reporting**

As discussed in Note 1, the financial statements present only the funds of the Station and do not purport to, and do not present fairly the financial position of the University of Arkansas at Little Rock, Arkansas, as of June 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

The logo for EGP PLLC, featuring the letters 'EGP' in a stylized, italicized font followed by 'PLLC' in a smaller, standard font.

January 12, 2026

Certified Public Accountants & Consultants  
Bryant, Arkansas

KLRE-FM/KUAR-FM  
(A DEPARTMENT OF THE UNIVERSITY OF ARKANSAS AT LITTLE ROCK)  
Management's Discussion and Analysis  
For the Years Ended June 30, 2025 and 2024

### **Introduction and Reporting Entity**

The following discussion and analysis is an overview of the financial position and activities of KLRE-FM/KUAR-FM for the years ended June 30, 2025 and 2024. Management of KLRE-FM/KUAR-FM has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

KLRE-FM/KUAR-FM is an instrumentality of the State of Arkansas and is governed by the Board of Trustees of the University of Arkansas, whose members are appointed by the Governor of Arkansas.

KLRE-FM/KUAR-FM's primary function is to maintain noncommercial educational telecommunications facilities within Arkansas and to provide transmission of noncommercial educational telecommunications programs throughout the central part of the State.

KLRE-FM and KUAR-FM are licensed to the Board of Trustees of the University of Arkansas. KLRE-FM and KUAR-FM broadcast two separate program streams, both originating from Little Rock, Arkansas. The two stations reach an estimated 80,000 persons each week. Contributing membership consists of approximately 3,083 individuals.

### **Overview of the Financial Statements**

KLRE-FM/KUAR-FM's financial statements present only the combined funds held by the University of Arkansas at Little Rock (UA Little Rock) and the University of Arkansas Foundation (Foundation) for the benefit of KLRE-FM/KUAR-FM.

The financial statements of KLRE-FM/KUAR-FM consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments.

The Statements of Net Position includes Assets, Liabilities and Net Position of KLRE/KUAR as of June 30, 2025 and 2024. This statement is classified into Current and Noncurrent Assets and Liabilities, with Net Position divided into Invested in Capital Assets, Restricted, and Unrestricted components. The Statements of Revenues, Expenses and Changes in Net Position depict the operating revenues and expenses resulting in Net Operating Revenue (Loss), which is then combined with Non-Operating Revenues (Expenses) and Operating Transfers from the University of Arkansas at Little Rock to provide the Change in Net Position. The Statements of Cash Flows shows the sources and uses of cash from operations, cash flows, from non-capital financial activities, cash flows (used for) capital and related financing activities and

cash flows from investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

## **Financial Highlights**

KLRE/KUAR had an increase in its Net Position of \$509,636 during FY 2025. This change followed an increase of \$133,722 during FY 2024, for a total net increase over the 2-year period of \$643,358. The increase for FY 2025 was due primarily to operating transfers from the University of Arkansas at Little Rock of \$399,503. Net position for the year ending June 30, 2025 totaled \$4,286,548 and \$3,776,912 for the year ending June 30, 2024.

Operating Revenues were at \$1,657,421 for FY 2025, compared to \$1,079,862 for FY 2024. For FY 2024, the Station received a community service grant of \$74,437 compared to \$234,035 in FY 2025. Additionally, the Station received contributions raised by Friends of \$836,972 in FY 2024 compared to \$1,195,721 in FY 2025. These receipts were the primary reason for the increase of \$577,559 in operating revenues from FY 2024 to FY 2025.

KLRE/KUAR's Operating Expenses increased by roughly 2% in FY 2025 compared with the previous fiscal year, with totals of \$1,767,266 in FY 2025 and \$1,735,881 in FY 2024. This increase of \$31,385 was related to increased programming and promotion costs. Due to increased contributions in FY 2025, the station had Net Income Before Operating Transfers of \$110,133, including non-cash depreciation expenses of \$54,093. In FY 2024, the stations had a Net Loss Before Operating Transfers of \$(429,678), including non-cash depreciation expense of \$50,231.

Non-Operating Revenues decreased in FY 2025 by \$6,363 to \$219,978 from \$226,341 in FY 2024. The decrease in FY 2025 was due to less earnings on investment income.

Operating transfers from the University of Arkansas at Little Rock decreased 29% in FY 2025 to \$399,503 from FY 2024's \$563,400. This decrease is due to a decrease in general appropriations.

KLRE-FM/KUAR-FM's property and equipment, net of accumulated depreciation, totaled \$295,228 for FY 2025, down from \$308,161 for FY 2024. There were property and equipment additions of \$41,160 and no disposals for FY 2025. There were property and equipment additions of \$37,829 and no disposals for FY 2024.

KLRE-FM/KUAR-FM condensed financial statements are represented below for FY 2025, 2024, and 2023.

	<b>Summary of Net Position</b>		
	<b>June 30,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Assets:			
Current assets	\$ 2,130,029	\$ 1,722,594	\$ 1,845,550
Non-current assets	2,409,649	2,356,537	2,217,585
Total assets	<u>4,539,678</u>	<u>4,079,131</u>	<u>4,063,135</u>
Liabilities:			
Current liabilities	253,130	302,219	419,945
Net position:			
Invested in capital assets	295,228	308,161	320,563
Restricted for:			
Endowment-expendable	364,421	247,465	162,623
Endowment-nonexpendable	1,750,000	1,750,000	1,750,000
Unrestricted	<u>1,876,899</u>	<u>1,471,286</u>	<u>1,410,004</u>
Total liabilities and net position	<u>\$ 4,539,678</u>	<u>\$ 4,079,131</u>	<u>\$ 4,063,135</u>

#### **Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Corporation for Public Broadcasting Grants	\$ 234,035	\$ 74,437	\$ 194,472
Other operating revenues	1,423,386	1,005,425	1,248,489
Other expenses	1,767,266	1,735,881	1,427,944
Operating income	(109,845)	(656,019)	15,017
Non-operating revenues	219,978	226,341	(39,390)
Operating transfers for UA-Little Rock	399,503	563,400	314,241
Net non-operating revenues	619,481	789,741	274,851
Increase (decrease) in net position	509,636	133,722	289,868
Net position, beginning of year	3,776,912	3,643,190	3,353,322
Net position, end of year	<u>\$ 4,286,548</u>	<u>\$ 3,776,912</u>	<u>\$ 3,643,190</u>

#### **Condensed Statements of Cash Flows**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net cash flows provided (used) by operating activity	\$ (202,643)	\$ (727,528)	\$ 50,187
Net cash flows provided by noncapital financing activities	399,503	563,400	314,241
Net cash flows used by capital and related financing activities	(41,160)	(37,829)	(9,166)
Net cash flows provided (required) by investing activities	103,022	85,490	(29,619)
Net increase (decrease) in cash	258,722	(116,467)	325,643
Cash and cash equivalents, beginning of year	1,703,064	1,819,531	1,493,888
Cash and cash equivalents, end of year	<u>\$ 1,961,786</u>	<u>\$ 1,703,064</u>	<u>\$ 1,819,531</u>

Current Assets consist primarily of cash and cash equivalents, investments, accounts receivable, and prepaid expenses. Non-Current Assets consist primarily of property and equipment and beneficial interest in endowment fund. Property and equipment are presented net of accumulated depreciation. Current Liabilities consist of accounts payable, accrued expenses, and deferred revenues.

Operating Revenues consist primarily of CPB grant revenues, other grant revenues, program underwriting, and contributed support. Operating expenses consist primarily of broadcasting, programming and

production, management and general, fundraising and membership development expenses, and depreciation. Non-Operating Revenues consist primarily of investment income.

University of Arkansas at Little Rock provided financial support in the form of direct and indirect expenses totaling \$399,503 and \$563,400 during the years ended June 30, 2025 and 2024, respectively.

### **Request for Information**

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of the KLRE-FM/KUAR-FM's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

KLRE-FM/KUAR-FM  
2801 South University  
Little Rock, AR 72204

**KLRE-FM/KUAR-FM**  
**Statements of Net Position**  
**June 30, 2025 and 2024**  
(See independent auditor's report.)

	<u>2025</u>	<u>2024</u>
	<u>Assets</u>	
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,961,786	1,652,153
Accounts receivable	156,346	55,998
Other receivable	2,538	-
Prepaid expenses	9,359	14,443
<b>Total Current Assets</b>	<u>2,130,029</u>	<u>1,722,594</u>
<b>Noncurrent Assets</b>		
Restricted cash	-	50,911
Endowment funds	2,114,421	1,997,465
Capital assets, net	295,228	308,161
<b>Total Noncurrent Assets</b>	<u>2,409,649</u>	<u>2,356,537</u>
<b>Total Assets</b>	<u><u>\$ 4,539,678</u></u>	<u><u>4,079,131</u></u>
<b><u>Liabilities and Net Position</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 181,279	194,560
Compensated absences payable	57,907	41,229
Deferred revenue	13,944	15,519
Refundable advance	-	50,911
<b>Total Current Liabilities</b>	<u>253,130</u>	<u>302,219</u>
<b>Net Position</b>		
Invested in capital assets	295,228	308,161
Restricted net position endowment		
Expendable	364,421	247,465
Nonexpendable	1,750,000	1,750,000
Unrestricted net position	1,876,899	1,471,286
<b>Total Net Position</b>	<u>4,286,548</u>	<u>3,776,912</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 4,539,678</u></u>	<u><u>4,079,131</u></u>

**KLRE-FM/KUAR-FM**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2025 and 2024**  
(See independent auditor's report.)

	<b>2025</b>	<b>2024</b>
<b>Operating Revenues:</b>		
Program underwriting	\$ 227,665	168,453
Contributions raised by Friends	1,195,721	836,972
Corporation for Public Broadcasting Grants:		
Community service grant	234,035	74,437
<b>Total Operating Revenues</b>	<u>1,657,421</u>	<u>1,079,862</u>
<b>Operating Expenses:</b>		
Programming and production	381,755	626,637
General administration	700,585	617,372
Broadcasting	272,428	266,613
Fundraising and membership development	127,569	151,740
Program information and promotion	284,929	73,519
<b>Total Operating Expenses</b>	<u>1,767,266</u>	<u>1,735,881</u>
<b>Operating Income (Loss)</b>	<u>(109,845)</u>	<u>(656,019)</u>
<b>Nonoperating Revenues</b>		
Investment income	219,978	226,341
<b>Total Nonoperating Revenues</b>	<u>219,978</u>	<u>226,341</u>
<b>Net Income (Loss) Before Operating Transfers</b>	110,133	(429,678)
Operating transfers from the University of Arkansas at Little Rock	399,503	563,400
<b>Change in Net Position</b>	509,636	133,722
<b>Net Position - Beginning of Year</b>	<u>3,776,912</u>	<u>3,643,190</u>
<b>Net Position - End of Year</b>	<u>\$ 4,286,548</u>	<u>3,776,912</u>

**KLRE-FM/KUAR-FM**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**  
(See independent auditor's report.)

	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from:		
Program underwriting receipts	\$ 124,779	188,882
Contributions raised by Friends	1,195,721	827,475
Corporation for Public Broadcasting Grants	181,549	6,936
Cash payments for:		
Programming and production	(381,755)	(626,637)
General administration	(692,104)	(682,543)
Broadcasting	(253,791)	(253,010)
Fund-raising and membership development	(127,569)	(151,740)
Program information and promotion	(249,473)	(36,891)
<b>Net Cash Provided (Required) by Operating Activities</b>	<b>(202,643)</b>	<b>(727,528)</b>
<b>Noncapital Financing Activities</b>		
Transfer from the University of Arkansas at Little Rock	399,503	563,400
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>399,503</b>	<b>563,400</b>
<b>Capital and Related Financing Activities</b>		
Purchase of property and equipment	(41,160)	(37,829)
<b>Net Cash Used by Capital Financing Activities</b>	<b>(41,160)</b>	<b>(37,829)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment income (loss)	103,022	85,490
<b>Net Cash Provided (Required) by Investing Activities</b>	<b>103,022</b>	<b>85,490</b>
<b>Increase (Decrease) in Cash and Restricted Cash</b>	<b>258,722</b>	<b>(116,467)</b>
Cash and restricted cash - beginning of year	1,703,064	1,819,531
<b>Cash and Restricted Cash - End of Year</b>	<b>\$ 1,961,786</b>	<b>1,703,064</b>
<b>Cash and Cash Equivalents</b>		
Unrestricted cash and cash equivalents	\$ 1,961,786	1,652,153
Restricted cash and cash equivalents	-	50,911
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,961,786</b>	<b>1,703,064</b>

**KLRE-FM/KUAR-FM**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2025 and 2024**  
(See independent auditor's report.)

	<b>2025</b>	<b>2024</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash (Used In) Operating Activities:</b>		
Operating income (loss)	\$ (109,845)	(656,019)
Depreciation	54,093	50,231
Unrealized (gains) losses on endowment	(116,956)	(140,851)
Changes in:		
Accounts receivable	(100,348)	20,429
Other receivable	(2,538)	-
Prepaid expenses	5,084	(14,443)
Endowment funds	116,956	130,851
Accounts payable	(13,281)	(58,735)
Compensated absences payable	16,678	8,007
Deferred revenue	(1,575)	(67,501)
Refundable advance	(50,911)	503
<b>Net Cash Provided (Required) by Operating Activities</b>	<b>\$ (202,643)</b>	<b>(727,528)</b>

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**1. Nature of Business**

KLRE-FM/KUAR-FM (the “Station”), is a department of the University of Arkansas at Little Rock (“UA Little Rock”), and is comprised of two licensed public telecommunications radio stations. UA Little Rock is both the licensee and operator of the radio stations. The Station presents national public radio news and classical jazz music and is dedicated to bringing fine arts programming to listeners throughout the central part of Arkansas.

In accordance with UA Little Rock’s policies, certain cash, pledge and investment accounts of the Station are held and administered by the University of Arkansas Foundation, Inc. (the “Foundation”), a legally separate nonprofit entity. The Foundation administers and invests gifts and other amounts received directly or indirectly as a result of fund-raising activities of various units of UA Little Rock and other affiliated entities related to UA Little Rock. Accounts held at the Foundation for the benefit of the Station are included in these financial statements.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Station has adopted Government Accounting Standards Board (“GASB”) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although a significant amount of the Station’s resources are derived from general contributions and support from the Corporation for Public Broadcasting Radio Community (“CPB”) and UA Little Rock, its accounting policy is to prepare its financial statements as a business type activity, rather than as a governmental fund type, since the CPB prefers the recipients of its funds to utilize this basis for financial statement presentation. Accordingly, the Station utilizes the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Operating revenues and expenses are distinguished from other revenues (expenses) items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues (expenses), but remain a major component of the overall revenues and expenses of the Station.

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Station considers all highly liquid cash investments with a maturity of three months or less to be cash equivalents. For financial statement purposes, funds are held by UA Little Rock and the Foundation on behalf of the Station.

**Accounts Receivable**

The Station utilizes the allowance method of accounting for uncollectible accounts receivable. Amounts are written off at the point when collection attempts have been exhausted, which is based on individual credit evaluation and specific circumstances of the donor. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management considers factors such as current overall economic conditions, industry-specific economic conditions, historical donor performance and anticipated donor performance. While management believes the Station's processes effectively address its exposure to doubtful accounts, changes in economic, industry or specific donor conditions may require adjustment to the allowance recorded by the Station.

**Investments and Investment Income**

Investments consist of marketable securities at the Foundation and are presented on the Statements of Net Position at fair market value based on quoted market prices as of June 30, 2025 and 2024. Any concentration of credit risk from investments is expected to be insignificant.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments.

**Capital Assets**

All property, plant and equipment is valued at cost. Except for donated equipment which is capitalized at the fair market value at the date of donation. Maintenance and repair costs are charged to expense as incurred. Depreciation is computed on the straight-line method for financial reporting purposes, based on the estimated useful lives of the assets which range from 3 to 30 years. Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets. KLRE/KUAR capitalizes all purchases over \$2,500 and a useful life over one year.

**Compensated Absences**

The liability for compensated absences consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Deferred Revenue**

Deferred revenue and deferred grant revenue represents payments for program underwriting received in advance of the program broadcast.

**Refundable Advance**

Refundable advance represents payments received in advance on grants that include barriers to recognition that have not been overcome.

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**Net Position Classifications**

Net position is classified and displayed in the following three components:

Invested in capital assets – consists of capital assets, net of accumulated depreciation.

Restricted – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted – all other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

**Contributions**

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and unrestricted net position. Gifts received with a donor stipulated time restriction are reported in restricted net position. When the donor stipulated time restriction ends, the contributions are reclassified to unrestricted net position.

**Use of Restricted Funds**

When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed.

**Functional Allocation of Expenses**

The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received and based upon management's best estimate.

**Donated Facilities and Services**

UA Little Rock provides the use of certain office and studio space to the Station. The value of such use is recorded based upon the estimated fair market value of the facility usage during the period of occupancy. In addition, administrative support is received from UA Little Rock which consists of allocated financial department costs and other expenses incurred on behalf of the Station. All such support from UA Little Rock is recorded as an operating transfer.

**Tax Status**

The Station is considered a political subdivision of UA Little Rock and, therefore, is exempt from income taxes.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**Reclassification**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**3. Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Station's funds are held by UA Little Rock and the Foundation. UA Little Rock accounts are insured by the Federal Deposit Insurance Corporation or collateral held by the Federal Reserve. The Foundation accounts are also insured or collateralized. Any concentrations of credit risk are expected to be insignificant.

**4. Capital Assets**

Capital assets activity for the year ended June 30, 2025 was:

	Beginning Balance	Additions	Deductions	Ending Balance
Equipment rights	\$ 280,891	-	-	280,891
Radio tower and antenna	609,636	26,619	-	636,255
Other broadcast equipment	121,548	-	-	121,548
Building improvements	224,314	-	-	224,314
Office furniture and equipment	22,632	14,541	-	37,173
	1,259,021	41,160	-	1,300,181
Accumulated depreciation	(950,860)	(54,093)	-	(1,004,953)
	<u>\$ 308,161</u>	<u>(12,933)</u>	<u>-</u>	<u>295,228</u>

Capital assets activity for the year ended June 30, 2024 was:

	Beginning Balance	Additions	Deductions	Ending Balance
Equipment rights	\$ 280,891	-	-	280,891
Radio tower and antenna	609,636	-	-	609,636
Other broadcast equipment	100,256	21,292	-	121,548
Building improvements	211,746	12,568	-	224,314
Office furniture and equipment	18,663	3,969	-	22,632
	1,221,192	37,829	-	1,259,021
Accumulated depreciation	(900,629)	(50,231)	-	(950,860)
	<u>\$ 320,563</u>	<u>(12,402)</u>	<u>-</u>	<u>308,161</u>

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**5. Refundable Advance**

During the year ended June 30, 2021, the Station was awarded a grant of \$150,000 to be received in \$50,000 payments over a three year period. The grant is restricted to fund a new “Politics and Government Reporter” position for each of those years. The barrier for recognition will be overcome during each fiscal year that they use the grant funds to pay for the “Politics and Government Reporter” position. As of June 30, 2024, the Station had not incurred expenses in complete fulfillment of the grant. The amount remaining to be spent at June 30, 2024, was \$50,911. This amount is included in “Restricted cash” and “Refundable advance” on the Statements of Net Position. As of June 30, 2025, the Station has incurred expenses in the complete fulfillment of the grant. There is no “Restricted cash” and “Refundable advance” on the Statements of Net Position as of June 30, 2025.

**6. Restricted Net Position**

Expendable Endowment

Support of \$250,000 was contributed to a nonexpendable endowment at the University of Arkansas Foundation, Inc. (the “Foundation”) on behalf of the Station during the year ended June 30, 2003. It is the donor’s intent that this endowment fund shall be permanent and that only the net appreciation of the fund may be used for general operating support of the Station. The net appreciation on investments available for authorization for expenditure by the governing board as of June 30, 2025 and 2024 was \$220,004 and \$194,007, respectively. These amounts are reported under net position restricted for endowment – expendable.

Nonexpendable Endowment

During the year ended June 30, 2022, an endowment fund in the amount of \$1,500,000 was established at the Foundation. It is the donor’s intent that this endowment fund shall be permanent and that only the net appreciation of the fund may be used to provide an ongoing stream of operating funds to support the Station. The net appreciation on investments available for authorization for expenditure by the governing board as of June 30, 2025 and 2024, was \$144,417 and \$53,458, respectively.

Interpretation of Relevant Law

The Foundation interprets Arkansas Act 262, cited as the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA), which was approved February 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result for this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

**Spending Policy**

The Board-approved spending policy of the Foundation allows transfers of endowments quarterly to appropriate funds based on a spending rate of 5% in 2025 and 2024 to the 36-month average fair value as of the end of each quarter. The funds are invested in an external investment pool at the Foundation. The University issues a separate report for this external investment pool. It can be obtained by contacting the University of Arkansas System, 2404 North University, Little Rock, AR 72207.

**7. Agreement to Provide Operations**

UA Little Rock entered into an agreement to provide for licensing and operation of the Station. Under this agreement, UA Little Rock is to provide general appropriations support and other direct and indirect financial support. A summary of such support and other direct and indirect financial support is as follows:

	<b>2025</b>	<b>2024</b>
General appropriations	\$194,753	368,274
Utilities, in-kind	17,688	25,934
Facilities use and administrative support, in-kind	<u>187,062</u>	<u>169,192</u>
	<u><u>\$399,503</u></u>	<u><u>563,400</u></u>

**8. Personnel Expenses**

All personnel working at the Station are employees of UA Little Rock, and thus are eligible for retirement or other benefits provided by UA Little Rock. The Station reimburses UA Little Rock for all wages and benefits related to the operations of the Station.

**9. Rescission Act of 2025**

On July 17, 2025, the U.S. Senate voted to pass the Rescission Act of 2025 (H.R. 4) which rescinded federal funding for the Corporation for Public Broadcasting (“CPB”) for fiscal years 2026 and 2027. For the years ending June 30, 2025 and 2024, the Station received Community Service Grants through the CPB. These grants made up approximately 14% and 7% of total operating revenues for the years ending June 30, 2025 and 2024, respectively. The Station is evaluated the impact that this will have on its ability to raise funds as of the date of this report.

**KLRE-FM/KUAR-FM**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**10. Subsequent Events**

Management has evaluated subsequent events, including the event referenced in Note 9, through January 12, 2026, the date the financial statements were available to be issued.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Audit and Fiscal Responsibility Committee  
University of Arkansas System  
Little Rock, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KLRE-FM/KUAR-FM (“the Station”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Station’s basic financial statements, and have issued our report thereon dated January 12, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Station’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Station’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Station’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*EGP, PLLC*

January 12, 2026

Certified Public Accountants & Consultants  
Bryant, Arkansas

**KLRE-FM/KUAR-FM**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

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**Summary of Auditor's Results**

The auditor's report expresses an unqualified opinion on the financial statements of KLRE-FM/KUAR-FM.

**Findings and Questioned Costs**

No findings in current year.

**KLRE-FM/KUAR-FM**  
**Summary Schedule of Prior Audit**  
**Findings For the Year Ended June 30, 2024**

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**Findings and Questioned Costs**

None reported.