

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

FLORIDA WEST COAST PUBLIC BROADCASTING, INC.

September 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida West Coast Public Broadcasting, Inc.

Opinion

We have audited the accompanying financial statements of Florida West Coast Public Broadcasting, Inc. (a nonprofit organization) ("WEDU"), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WEDU as of September 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WEDU 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 WEDU's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

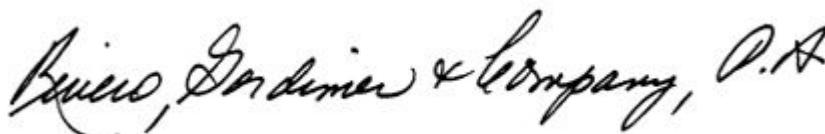
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WEDU'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 WEDU'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.

Tampa, Florida
January 16, 2026

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Florida West Coast Public Broadcasting, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30,

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,501,145	\$ 709,559
Accounts receivable	247,992	202,748
Prepaid expenses and other current assets	298,099	256,768
Beneficial interest in trust - current portion	56,528	57,329
Total current assets	<u>3,103,764</u>	<u>1,226,404</u>
Beneficial interest in trust - long term portion	450,457	502,862
Beneficial interest in perpetual trust	2,516,452	2,471,448
Beneficial interest in funds held by others	1,832,062	1,740,441
Investments held for long-term purposes	54,362,324	44,051,861
Land, building and equipment, net	11,803,165	4,314,849
Other assets	64,410	40,354
TOTAL ASSETS	<u><u>\$ 74,132,634</u></u>	<u><u>\$ 54,348,219</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 118,975	\$ 263,356
Accrued expenses	1,079,639	1,392,747
Deferred production and underwriting fees	268,794	102,497
Total current liabilities	<u>1,467,408</u>	<u>1,758,600</u>
Other liabilities	209,200	7,117
Total liabilities	<u>1,676,608</u>	<u>1,765,717</u>
Net assets		
Without donor restrictions	64,836,891	45,046,786
With donor restrictions	7,619,135	7,535,716
Total net assets	<u>72,456,026</u>	<u>52,582,502</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 74,132,634</u></u>	<u><u>\$ 54,348,219</u></u>

The accompanying notes are an integral part of these statements.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and gifts	\$ 16,693,684	\$ 1,056	\$ 16,694,740
Governmental grants	2,702,005	-	2,702,005
Non-cash contributions	1,128,642	-	1,128,642
Local program underwriting	807,321	-	807,321
Program production and studio rental	196,371	-	196,371
Rental income	1,208,850	-	1,208,850
Change in value of beneficial interest in trusts	-	179,084	179,084
Change in value of beneficial interest in funds held by others	-	159,937	159,937
Other income	29,240	-	29,240
	<u>22,766,113</u>	<u>340,077</u>	<u>23,106,190</u>
Distributions from beneficial interest in trusts and funds held by others	<u>256,658</u>	<u>(256,658)</u>	<u>-</u>
Total revenue	<u>23,022,771</u>	<u>83,419</u>	<u>23,106,190</u>
Expenses			
Program services			
Programming and production	7,722,768	-	7,722,768
Broadcasting	2,867,220	-	2,867,220
	<u>10,589,988</u>	<u>-</u>	<u>10,589,988</u>
Supporting services			
Fundraising and membership	2,207,274	-	2,207,274
Management and general	1,467,560	-	1,467,560
	<u>3,674,834</u>	<u>-</u>	<u>3,674,834</u>
Total expenses	<u>14,264,822</u>	<u>-</u>	<u>14,264,822</u>
Revenues less expenses	8,757,949	83,419	8,841,368
Investment return, net	3,532,156	-	3,532,156
Donated building	7,500,000	-	7,500,000
Change in net assets	19,790,105	83,419	19,873,524
Net assets at beginning of year	<u>45,046,786</u>	<u>7,535,716</u>	<u>52,582,502</u>
Net assets at end of year	<u>\$ 64,836,891</u>	<u>\$ 7,619,135</u>	<u>\$ 72,456,026</u>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and gifts	\$ 8,985,213	\$ 829,099	\$ 9,814,312
Governmental grants	2,503,936	-	2,503,936
Non-cash contributions	2,007,317	-	2,007,317
Local program underwriting	813,675	-	813,675
Program production and studio rental	203,036	-	203,036
Rental income	1,159,000	-	1,159,000
Change in value of beneficial interest in trusts	-	602,051	602,051
Change in value of beneficial interest in funds held by others	-	281,873	281,873
Other income	35,468	-	35,468
	<u>15,707,645</u>	<u>1,713,023</u>	<u>17,420,668</u>
Distributions from beneficial interest in trusts and funds held by others	<u>248,803</u>	<u>(248,803)</u>	<u>-</u>
Total revenue	<u>15,956,448</u>	<u>1,464,220</u>	<u>17,420,668</u>
Expenses			
Program services			
Programming and production	7,863,890	-	7,863,890
Broadcasting	2,771,907	-	2,771,907
	<u>10,635,797</u>	<u>-</u>	<u>10,635,797</u>
Supporting services			
Fundraising and membership	2,574,169	-	2,574,169
Management and general	1,402,500	-	1,402,500
	<u>3,976,669</u>	<u>-</u>	<u>3,976,669</u>
Total expenses	<u>14,612,466</u>	<u>-</u>	<u>14,612,466</u>
Revenues less expenses	1,343,982	1,464,220	2,808,202
Investment return, net	8,689,091	-	8,689,091
Loss on disposal and remediation	<u>(422,646)</u>	<u>-</u>	<u>(422,646)</u>
Change in net assets	9,610,427	1,464,220	11,074,647
Net assets at beginning of year	<u>35,436,359</u>	<u>6,071,496</u>	<u>41,507,855</u>
Net assets at end of year	<u>\$ 45,046,786</u>	<u>\$ 7,535,716</u>	<u>\$ 52,582,502</u>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

STATEMENTS OF CASH FLOWS

For the year ended September 30,

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 19,873,524	\$ 11,074,647
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	772,108	625,213
Loss on disposal of assets	-	248,450
Donated building	(7,500,000)	-
Proceeds from restricted contributions	(1,056)	(829,099)
Change in value of beneficial interest in trust	(186,181)	(612,415)
Change in value of beneficial interest in funds held by others	(159,937)	(281,873)
Net realized and unrealized gains	(3,532,156)	(8,689,091)
Funds appropriated from beneficial interest in trust	187,343	181,120
Funds appropriated from beneficial interest in funds held by others	69,316	67,683
Funds appropriated from restriction	1,588,706	1,406,783
(Increase) decrease in receivables	(45,244)	52,612
Increase in prepaid expenses and other current assets	(41,331)	(15,374)
(Increase) decrease in other assets	(24,056)	10,935
Decrease in accounts payable and accrued expenses	(457,489)	(80,454)
Increase (decrease) in deferred production and underwriting fees	166,297	(20,003)
Increase in other liabilities	202,083	-
Total adjustments	(8,961,597)	(7,935,513)
Net cash provided by operating activities	10,911,927	3,139,134
Cash flows from investing activities		
Purchase of fixed assets	(760,424)	(259,268)
Net cash used by investing activities	(760,424)	(259,268)
Cash flows from financing activities		
Purchase of investments	(8,730,739)	(5,820,541)
Proceeds from sale of investments	7,094,044	2,740,034
Proceeds from restricted contributions	1,056	829,099
Increase in funds held by others	(1,056)	(1,060)
Net cash used by financing activities	(1,636,695)	(2,252,468)
Net increase in cash, cash equivalents and restricted cash	8,514,808	627,398
Cash, cash equivalents and restricted cash at beginning of year	2,016,155	1,388,757
Cash, cash equivalents and restricted cash at end of year	\$ 10,530,963	\$ 2,016,155
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

The accompanying notes are an integral part of these statements.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2025

	Program Services			Supporting Services			Combined Total
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	
Salaries, payroll taxes and employee benefits	\$ 2,447,340	\$ 1,138,152	\$ 3,585,492	\$ 893,923	\$ 727,382	\$ 1,621,305	\$ 5,206,797
Advertising	122,183	40,284	162,467	132,651	7,481	140,132	302,599
Contract services	845,177	348,388	1,193,565	387,477	119,868	507,345	1,700,910
Depreciation	119,510	443,129	562,639	-	209,469	209,469	772,108
Donated facilities	464,600	93,202	557,802	69,902	78,375	148,277	706,079
Insurance	21,477	157,404	178,881	5,649	59,061	64,710	243,591
Broadcast system membership fees and program rights	2,707,900	-	2,707,900	1,410	55,282	56,692	2,764,592
Mailings and postage	144,335	-	144,335	98,593	1,508	100,101	244,436
Membership services	50,849	50,849	101,698	406,793	278	407,071	508,769
Premiums and commissions	180,264	165,034	345,298	82,517	-	82,517	427,815
Program guide	125,229	-	125,229	-	-	-	125,229
Professional membership and dues	13,749	1,270	15,019	8,099	11,074	19,173	34,192
Professional services	18,923	18,923	37,846	4,731	52,037	56,768	94,614
Repairs and maintenance	80,361	77,315	157,676	16,847	43,743	60,590	218,266
Supplies and printing	144,086	72,096	216,182	63,991	34,414	98,405	314,587
Telephone	69,197	67,291	136,488	-	27,107	27,107	163,595
Travel	71,228	10,632	81,860	21,462	15,395	36,857	118,717
Utilities	96,360	183,251	279,611	13,229	25,086	38,315	317,926
Total expenses	\$ 7,722,768	\$ 2,867,220	\$ 10,589,988	\$ 2,207,274	\$ 1,467,560	\$ 3,674,834	\$ 14,264,822

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2024

	Program Services			Supporting Services			Combined Total
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	
Salaries, payroll taxes and employee benefits	\$ 2,253,919	\$ 1,105,423	\$ 3,359,342	\$ 879,432	\$ 672,581	\$ 1,552,013	\$ 4,911,355
Advertising	88,295	27,812	116,107	93,200	10,280	103,480	219,587
Contract services	1,009,367	304,821	1,314,188	356,431	88,894	445,325	1,759,513
Depreciation	73,113	458,517	531,630	-	93,583	93,583	625,213
Donated facilities	1,074,322	215,518	1,289,840	161,638	181,231	342,869	1,632,709
Insurance	19,210	124,053	143,263	4,803	52,828	57,631	200,894
Broadcast system membership fees and program rights	2,601,918	-	2,601,918	-	51,357	51,357	2,653,275
Mailings and postage	121,330	4,548	125,878	89,343	1,261	90,604	216,482
Membership services	52,356	52,356	104,712	418,844	-	418,844	523,556
Premiums and commissions	35,383	35,034	70,417	370,626	-	370,626	441,043
Program guide	63,517	-	63,517	63,517	-	63,517	127,034
Professional membership and dues	17,047	526	17,573	11,020	13,030	24,050	41,623
Professional services	17,152	17,152	34,304	4,288	47,168	51,456	85,760
Repairs and maintenance	60,280	84,775	145,055	24,961	57,842	82,803	227,858
Supplies and printing	156,491	89,137	245,628	32,688	57,609	90,297	335,925
Telephone	51,795	67,984	119,779	27,821	10,314	38,135	157,914
Travel	84,790	15,132	99,922	23,021	20,845	43,866	143,788
Utilities	83,605	169,119	252,724	12,536	43,677	56,213	308,937
Total expenses	\$ 7,863,890	\$ 2,771,907	\$ 10,635,797	\$ 2,574,169	\$ 1,402,500	\$ 3,976,669	\$ 14,612,466

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

The accompanying financial statements include the accounts of Florida West Coast Public Broadcasting, Inc. ("WEDU"). WEDU is a nonprofit Florida corporation that operates a non-commercial public television station, WEDU, broadcasting to the west central Florida service area. WEDU receives its contributions and underwriting primarily from viewers in its service area along with funding from various federal and state grants.

WEDU is a member of the Public Broadcasting Service (PBS) which was incorporated in 1969 as a membership organization that in partnership with its member stations serves the American public with programming and services of the highest quality, using media to educate, inspire, entertain, and express a diversity of perspectives.

On July 24, 2025, the Rescissions Act of 2025 was signed into law by the United States Congress rescinding \$1.1 billion in funding that had been appropriated for the Corporation for Public Broadcasting (CPB) for fiscal years 2026 and 2027, affecting PBS and its member stations, including WEDU, as stations rely on funding from CPB to create and distribute content and everyday operations. Further, on July 31, 2025, the U.S. Senate Appropriations Committee released the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, 2026 which excluded funding for CPB for the first time in five decades from the United States Budget. As a result, on August 1, 2025, CPB announced an orderly wind-down of operations, with the majority of staff positions concluding on September 30, 2025, and a small transition team remaining through January 2026. This announcement ends the annual \$32 million National Programming Service grant that CPB awarded to PBS for programming and content. With the news of the Rescissions Act and CPB's announcement, the Board of PBS approved on August 18, 2025, to reduce the fiscal year 2026 membership assessments to PBS member stations by \$35 million to provide stations relief due to the loss of funding.

As a result of the above actions, CPB funding to WEDU totaling \$2.4 million was eliminated. In addition, certain state of Florida funding totaling approximately \$370,000 was also eliminated. Management has evaluated the impact of the funding elimination on future operations. WEDU introduced cost reduction measures and the elimination of programs to address the loss of federal and state funding and the reduction in member assessments. While management believes these actions will partially mitigate the impact, the loss of funding may limit WEDU's ability to execute its long-term growth strategy and could materially affect operating results and cash flows in future periods.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Accounting

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on WEDU as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups – with donor restrictions and without donor restrictions.

These two groups are defined as follows:

- Net assets without donor restrictions - the portion of WEDU's net assets that is not subject to donor-imposed restrictions.
- Net assets with donor restrictions - the portion of WEDU's net assets that is subject to donor-imposed restrictions.

A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the nature of the organization, the environment in which it operates, or its mission. A donor-imposed restriction may be temporary or permanent. Temporary restrictions may be fulfilled by actions of the organization to meet the stipulations or be fulfilled by the passage of time. Permanent restrictions stipulate that the resources must be maintained in perpetuity.

WEDU follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC").

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations that require a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

FASB ASC 958-605 requires WEDU to distinguish between contributions that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values.

3. Accounting Standard Update

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

On October 1, 2023, WEDU adopted the new accounting standard and all of the related amendments using the modified retrospective method. There was no significant impact on WEDU's financial statements.

4. Revenue Recognition

Contributions, including unconditional pledges or promises to give, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. An allowance for uncollectible pledges receivable is provided based upon management's judgment and analysis regarding the creditworthiness of the donor, prior collection history, type of contribution and nature of fundraising activity.

Production underwriting is recorded on a completed contract basis. Program underwriting is recorded pro rata over the broadcast period. The unexpended portion of revenue received for program and production underwriting is reflected in the statement of financial position as deferred production and underwriting fees.

Restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions.

5. Cash and Cash Equivalents

WEDU considers all short-term investments with an original maturity of three months or less to be cash equivalents, except those managed as part of investment strategies for investments held for long term purposes and beneficial interest in a perpetual trust asset. Cash and cash equivalents within investments held for long term purposes and beneficial interest in perpetual trust are considered restricted cash and may represent funds restricted due to management's policy or other arrangements.

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,501,145	\$ 709,559
Cash equivalents included in investments held for long-term purposes	8,015,100	1,284,782
Restricted cash included in beneficial interest in perpetual trust	<u>14,718</u>	<u>21,814</u>
Totals	<u>\$ 10,530,963</u>	<u>\$ 2,016,155</u>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Concentration of Credit Risk

Financial instruments, which potentially subject WEDU to concentrations of credit risk, consist principally of cash, cash equivalents and investments.

7. Beneficial Interest in Trusts

WEDU has a beneficial interest in a perpetual trust known as the Clayton B. Howe Trust and receives income from this trust, which is administered by a third party. Perpetual trusts are recorded at the fair value of the trust assets and are classified as net assets with donor restriction restricted in perpetuity.

WEDU has a beneficial interest in a charitable trust in which annual distributions are received. Charitable trusts are recorded at the present value of expected cash flows to be received by the trust, discounted at a rate of 5% and are classified as net assets with donor restrictions.

8. Beneficial Interest in Funds Held by Others

WEDU has transferred assets to a community foundation which holds the funds for the benefit of WEDU. When a nonprofit transfers assets to a charitable trust or community foundation in which the resource provider names itself as beneficiary, the economic benefit of the transferred assets remains with the resource provider. The asset received in exchange is a beneficial interest in assets held by others, measured at the fair value of the asset contributed. Changes in the value are recognized in the statement of activities as "change in value of beneficial interest in funds held by others."

9. Land, Building, and Equipment

Land, building, and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty years. WEDU capitalizes land, building and equipment additions that exceed \$5,000.

10. Functional Allocation of Expense

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of WEDU are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas are allocated on the basis of time and effort or other allocable bases.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Income Taxes

WEDU is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. WEDU has cumulative unrelated business losses for tax purposes from tower and studio rentals of approximately \$211,000 and \$520,000, respectively; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. There is a valuation allowance against the unrelated business taxable income net operating losses deferred tax asset due to the uncertainty of future unrelated business taxable income. Tax years after September 30, 2021 remain subject to examination by taxing authorities.

Management is not aware of any activities that would jeopardize WEDU's tax-exempt status. WEDU is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty.

12. Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

13. Non-Cash Contributions

Gifts in-kind used by WEDU are recorded as contributions and expenses to the extent that an objective basis is available to measure the value of such items.

WEDU uses facilities that are provided at no cost to the Organization, but the recorded value is based on current market rates for rental facilities that WEDU would have paid. Contributed services are recorded as contributions and expenses at their fair value, to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals or organizations possessing these skills, and would typically need to be purchased if not provided by donations. In fiscal year 2025, WEDU received a donated building. The asset was recorded at fair market value.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Non-cash contributions consisted of the following during the year ended September 30,:

	<u>2025</u>	<u>2024</u>
Donated facilities	\$ 706,079	\$ 1,632,709
Donated building	7,500,000	-
Advertising and promotional services	384,624	336,717
Other services	<u>37,939</u>	<u>37,891</u>
Total	<u>\$ 8,628,642</u>	<u>\$ 2,007,317</u>

During February 2025, the State of Florida donated the facilities being used by WEDU to WEDU. The estimated fair value of the building was \$7,500,000 and was recorded as an increase in land, building and equipment, net in the statement of financial position as of September 30, 2025, and donated building in the statement of activities and changes in net assets for the year ended September 30, 2025.

A substantial number of volunteers have donated significant amounts of their time and resources toward the objectives of WEDU. However, no amounts are recorded in the accompanying financial statements for non-specialist services.

NOTE B - LIQUIDITY

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,501,145	\$ 709,559
Accounts receivable	<u>247,992</u>	<u>202,748</u>
Total financial assets available for general expenditure within one year	<u>\$ 2,749,137</u>	<u>\$ 912,307</u>

WEDU maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. WEDU's investments are considered to be long term in nature, however, are available for expenditure subject to approval from the Board. Board designated investments were approximately \$52,000,000 and \$41,000,000, for the years ended September 30, 2025 and 2024, respectively.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE C - RECEIVABLES

Receivables consist of the following at September 30,:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 292,637	\$ 229,658
Allowance for doubtful accounts	(44,645)	(26,910)
	<u> </u>	<u> </u>
Total receivables, net	<u>\$ 247,992</u>	<u>\$ 202,748</u>

NOTE D - BENEFICIAL INTEREST IN TRUST

In December 2018, WEDU received a beneficial interest in a trust known as the Doris Wagner Trust, which is administered by a third party. The trustee is required to pay WEDU an annuity amount equal to 5% of the initial net fair market value of WEDU's share of the trust on an annual basis. WEDU received \$60,366 and \$54,145 from the trust for the years ended September 30, 2025 and 2024, respectively.

NOTE E - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following at September 30,:

	<u>2025</u>	<u>2024</u>
Land	\$ 614,029	\$ 614,029
Building	7,500,000	-
Telecasting equipment	4,244,527	3,951,321
Office furniture and equipment	1,040,790	886,861
Leasehold improvements	736,147	704,936
Digital transmission tower, antenna and related equipment	7,084,875	6,802,797
	<u>21,220,368</u>	<u>12,959,944</u>
Less accumulated depreciation	(9,417,203)	(8,645,095)
	<u>\$ 11,803,165</u>	<u>\$ 4,314,849</u>

Land under the operating facility, valued at \$75,000 was received in fiscal year 1976 from the City of Tampa and restricted for use as the site for construction of an educational and/or public broadcasting facility. Title will revert to the City of Tampa if the land ceases to be used for the purpose of a nonprofit and noncommercial educational and/or public broadcasting system.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE E - LAND, BUILDING, AND EQUIPMENT- Continued

Portions of the digital transmission tower and related equipment acquired with federal or state grant money are considered to be owned by WEDU. Furthermore, these grants have a reversionary clause that vests ownership of the related assets with the grantor entity for the useful life of the asset or a specific time period of 10 years, as described in the contracts. The cost basis of such property and equipment is \$5,019,493 and is expected to be utilized by WEDU for its entire useful life.

NOTE F - INVESTMENTS

Investments are stated at fair market value and are comprised of the following at September 30,:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 8,015,100	\$ 1,284,782
Fixed income	12,847,492	8,656,009
Stocks and mutual funds	<u>33,499,732</u>	<u>34,111,070</u>
	<u>\$ 54,362,324</u>	<u>\$ 44,051,861</u>

Investments include approximately \$7 million as of September 30, 2025 of donor restricted funds, which limit their use to the investment return earned during the year.

The components of investment return are as follows for the years ended September 30,:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 994,151	\$ 907,663
Net realized gains	2,909,471	1,090,998
Net unrealized (losses) gains	(167,472)	6,864,095
Investment fees	<u>(203,994)</u>	<u>(173,665)</u>
	<u>\$ 3,532,156</u>	<u>\$ 8,689,091</u>

NOTE G - RESTRICTED AND BOARD DESIGNATED NET ASSETS

WEDU's investments include both donor restricted funds and funds designated by the Board of Directors. Net assets associated with restricted funds and funds designated by the Board of Directors are classified and reported based on existence or absence of donor-imposed restrictions.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE G - RESTRICTED AND BOARD DESIGNATED NET ASSETS - Continued

Interpretation of Relevant Law

In July 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). WEDU has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the restricted funds absent explicit donor stipulation to the contrary. As a result of this interpretation, WEDU classifies as net assets with donor restrictions (a) the original value of gifts donated to the restricted net asset, (b) the original value of subsequent gifts to the restricted net asset and (c) accumulations to the restricted net asset made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the FUPMIFA, WEDU considers the following factors in making a determination to appropriate or accumulate donor-restricted net asset:

1. The duration and preservation of the fund
2. The purposes of WEDU and the restricted net asset
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and that appreciation of investments
6. Other resources of WEDU
7. The investment policies of WEDU

Return Objectives, Risk Parameters, and Strategies

WEDU has adopted an investment and spending policy for restricted funds and funds designated by the Board of Directors that attempts to preserve the real (inflation adjusted) value of the assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Restricted funds include those assets of donor-restricted funds that WEDU must hold in perpetuity or for a donor-specified period(s). The terms of the operating policies of the restricted funds and funds designated by the Board of Directors (the "Fund") requires that the Fund will be monitored by the Investment Committee and approved by the Board of Directors. The Investment Committee is responsible to oversee the portfolio's investments and monitor the investments on an ongoing basis to ensure that long-term objectives are being met.

The Investment Committee has agreed to a target asset allocation for the portfolio's assets and seeks advice from professional investment managers which hold the assets. The Fund is to invest funds in accordance with the standards set forth in WEDU's investment policy.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE G - RESTRICTED AND BOARD DESIGNATED NET ASSETS - Continued

Spending Policy and how the Investment Objective Related to Spending Policy

WEDU's Board of Directors, on the recommendation of the Investment Committee, has adopted a spending policy that governs the annual distributions from the restricted funds and funds designated by the Board of Directors that may be expended for current operations of WEDU. This policy authorizes WEDU to distribute from the Fund a specified percentage, to be determined by the Board of Directors (Board) from time to time, of the current market at budget time or year-end.

The policy also allows the Board to base the distribution formula on the average market value over a period of several years as it chooses to do so. For the fiscal years ended September 30, 2025 and 2024, WEDU's Board of Directors authorized the distribution and expenditure of five percent (5%) of the five-year average market value of the Fund as of December 31, 2024 and 2023, respectively. In addition to the five percent spending policy, the Board of Directors can also authorize the use of the funds designated by the Board of Directors for capital expenditures, programming, or other operational needs.

Distributions cannot exceed the accumulated unspent earnings of the Fund without WEDU's Board approval. Income earned in excess of the spending rate may be reinvested in principal. This is consistent with WEDU's objective to maintain the purchasing power of Fund assets as well as to provide additional real growth through investment return.

From time to time, certain restricted funds may have fair values less than the amount required to be maintained by donors or by law (underwater). The Board of Directors of WEDU has interpreted FUPMIFA to permit spending from underwater restricted funds in accordance with prudent measures required under law.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE G - RESTRICTED AND BOARD DESIGNATED NET ASSETS - Continued

Changes in the restricted donor funds and funds designated by the Board of Directors net assets are as follows:

	Board Designated	Restricted Donor Funds	Total
Board designated and restricted net assets at September 30, 2023	\$ 31,070,169	\$ 6,071,496	\$ 37,141,665
Interest and dividends	907,663	94,247	1,001,910
Realized and unrealized activity, net of fees	7,781,428	789,677	8,571,105
Additions	2,935,748	829,099	3,764,847
Distributions	<u>(1,406,783)</u>	<u>(248,803)</u>	<u>(1,655,586)</u>
Board designated and restricted net assets at September 30, 2024	41,288,225	7,535,716	48,823,941
Interest and dividends	994,151	113,425	1,107,576
Realized and unrealized activity, net of fees	2,538,005	225,596	2,763,601
Additions	8,367,013	1,056	8,368,069
Distributions	<u>(1,588,706)</u>	<u>(256,658)</u>	<u>(1,845,364)</u>
Board designated and restricted net assets at September 30, 2025	<u>\$ 51,598,688</u>	<u>\$ 7,619,135</u>	<u>\$ 59,217,823</u>

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board's *Accounting Standards Codification 820* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on company-specific data. These unobservable assumptions reflect the Organization's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

ITEMS MEASURED AT FAIR VALUE ON A RECURRING BASIS

Investments held for long-term purposes, beneficial interest in trusts, and beneficial interest in funds held by others are recorded at fair value on a recurring basis. Below is a description on valuation methodologies for these assets.

Investments held for long-term purposes and beneficial interest in perpetual trusts primarily consist of publicly traded stocks and mutual funds. WEDU uses quoted market prices of identical assets on active exchanges, or Level 1 measurement.

Beneficial interest in trust consists of a charitable trust in which WEDU receives annual payments. The fair value of the charitable trusts in which the Organization is a remainder beneficiary is based on the Organization's beneficial interest in the investments held in the trust, which are measure at fair value.

Beneficial interest in funds held by others consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets:				
Investments				
Cash and equivalents	\$ 8,015,100	\$ -	\$ -	\$ 8,015,100
Equities				
Common stock	13,621,835	-	-	13,621,835
Exchange traded funds	12,985,976	-	-	12,985,976
Mutual funds	6,891,921	-	-	6,891,921
Fixed				
U.S. Treasuries and agencies	-	12,847,492	-	12,847,492
Beneficial interest in trust	-	506,985	-	506,985
Beneficial interest in perpetual trust				
Cash and equivalents	14,718	-	-	14,718
Equities				
U.S. Large Cap	934,025	-	-	934,025
Small-Mid Cap	334,756	-	-	334,756
International Equity	378,005	-	-	378,005
Fixed				
U.S. Treasuries and agencies	-	745,984	-	745,984
International	-	108,964	-	108,964
Beneficial interest in funds held by others	-	-	1,832,062	1,832,062
Total assets	<u>\$ 43,176,336</u>	<u>\$ 14,209,425</u>	<u>\$ 1,832,062</u>	<u>\$ 59,217,823</u>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets:				
Investments				
Cash and equivalents	\$ 1,284,782	\$ -	\$ -	\$ 1,284,782
Equities				
Common stock	17,495,007	-	-	17,495,007
Exchange traded funds	13,322,728	-	-	13,322,728
Mutual funds	3,293,335	-	-	3,293,335
Fixed				
U.S. Treasuries and agencies	-	8,656,009	-	8,656,009
Beneficial interest in trust	-	560,191	-	560,191
Beneficial interest in perpetual trust				
Cash and equivalents	21,814	-	-	21,814
Equities				
U.S. Large Cap	805,321	-	-	805,321
Small-Mid Cap	312,994	-	-	312,994
International Equity	569,479	-	-	569,479
Fixed				
U.S. Treasuries and agencies	-	691,663	-	691,663
International	-	70,177	-	70,177
Beneficial interest in funds held by others	-	-	1,740,441	1,740,441
Total assets	<u>\$ 37,105,460</u>	<u>\$ 9,978,040</u>	<u>\$ 1,740,441</u>	<u>\$ 48,823,941</u>

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on level 3 assets represent only a portion of the risk to market fluctuations on the statement of financial position.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table illustrates a roll forward for all assets measured at fair value on a recurring basis using significant unobservable inputs (level 3).

A reconciliation of WEDU's level 3 assets follows:

Beneficial interest in funds held by others at September 30, 2023	\$ 1,525,251
Additions	1,000
Realized and unrealized gains, net	281,873
Distributions	<u>(67,683)</u>
Beneficial interest in funds held by others at September 30, 2024	1,740,441
Additions	1,000
Realized and unrealized gains, net	159,937
Distributions	<u>(69,316)</u>
Beneficial interest in funds held by others at September 30, 2025	<u>\$ 1,832,062</u>

NOTE I - RETIREMENT PLAN

WEDU formed the Florida West Coast Public Broadcasting, Inc. Tax Deferred Annuity Plan (the "Plan"), effective October 1991. The Plan is a Defined Contribution Plan created under Section 403(b) of the Internal Revenue Code and is available to all employees who have completed six months of service. Pursuant to the Plan document, WEDU, at the discretion of the Board of Directors, will match up to 4% of eligible employee contributions. WEDU contributed approximately \$117,000 and \$121,000 to the Plan during fiscal years 2025 and 2024, respectively.

NOTE J - COMMITMENTS AND CONTINGENCIES

Deferred Compensation Plan

During 2022, a defined benefit supplemental executive retirement plan was formed. Benefits for this plan are based on the Participants' fixed retirement benefit as determined by the Board of Directors. Benefits under the plan for selected executives began vesting in April 2025. For the years ended September 30, 2025 and 2024, a liability of \$202,083 and \$-0- is recorded in the Statements of Financial Position. WEDU records the liability when benefits vest.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

The following is a schedule of approximate minimum future benefits to be vested under the deferred compensation plan:

<u>Year ending September 30,</u>	
2026	\$ 325,000
2027	325,000
2028	273,000
2029	200,000
2030	<u>175,000</u>
	<u>\$ 1,298,000</u>

Line of Credit

WEDU has an unsecured \$500,000 bank line of credit which is payable on demand and reviewed annually by the bank. The effective interest rate at September 30, 2025 and 2024 was 7.05% and 8.04%, respectively. There was no outstanding balance on this line of credit as of September 30, 2025 and 2024.

Service Agreement

In August 2021, WEDU signed a station service level agreement with Centralcast, LLC to provide joint master control services to the station. The agreement is effective February 28, 2023 through February 27, 2028 and includes a minimum annual fee of \$142,000. The agreement automatically extends for an additional period of five years unless WEDU provides timely written notice not to renew. WEDU paid approximately \$226,000 and \$158,000 under this service agreement for the years ended September 30, 2025 and 2024, respectively.

Rental Income

WEDU leases space on the digital transmission tower to unrelated organizations. The tower leases are operating lease agreements with terms between five and ten years. Certain lease agreements provide for options to renew. The tower leases do not transfer ownership of the leased assets and do not provide an option for the lessees to purchase the assets.

Lease income is included in the statement of activities as part of other operating income. Cash receipts from operating leases are classified within cash flows from operating activities.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2025 and 2024

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

The following is an analysis of the carrying amounts of the underlying assets related to operating leases:

Digital transmission tower	\$ 6,843,059
Less: accumulated depreciation	<u>(4,850,493)</u>
Total cost, net	<u>\$ 1,992,566</u>

The following is a schedule of approximate minimum future rentals to be received under these operating leases:

Year ending September 30.

2026	\$ 802,000
2027	466,000
2028	453,000
2029	<u>167,000</u>
	<u>\$ 1,888,000</u>

NOTE K - SUBSEQUENT EVENTS

WEDU has evaluated events and transactions occurring subsequent to September 30, 2025 as of January 16, 2026 which is the date the financial statements were available to be issued.