

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

FLORIDA WEST COAST PUBLIC BROADCASTING, INC.

September 30, 2024 and 2023

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INDEPENDENT AUDITORS' 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, 2024 and 2023, 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, 2024 and 2023, 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

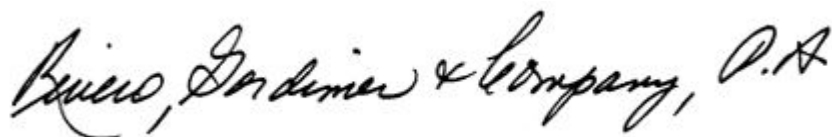
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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
December 12, 2024

A handwritten signature in black ink that reads "Bueco, Gordinier & Company, P.A." The signature is written in a cursive, flowing style.

Florida West Coast Public Broadcasting, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 709,559	\$ 755,077
Accounts receivable	202,748	255,360
Prepaid expenses and other current assets	256,768	241,394
Beneficial interest in trust - current portion	<u>57,329</u>	<u>51,561</u>
TOTAL CURRENT ASSETS	1,226,404	1,303,392
Beneficial interest in trust - long term portion	502,862	433,955
Beneficial interest in perpetual trust	2,471,448	2,125,132
Beneficial interest in funds held by others	1,740,441	1,525,251
Investments held for long-term purposes	44,051,861	33,005,766
Land, building and equipment, net	4,314,849	4,929,244
Other assets	<u>40,354</u>	<u>51,289</u>
TOTAL ASSETS	<u>\$ 54,348,219</u>	<u>\$ 43,374,029</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 263,356	\$ 297,978
Accrued expenses	1,392,747	1,438,579
Deferred production and underwriting fees	<u>102,497</u>	<u>122,500</u>
TOTAL CURRENT LIABILITIES	1,758,600	1,859,057
Other liabilities	<u>7,117</u>	<u>7,117</u>
TOTAL LIABILITIES	<u>1,765,717</u>	<u>1,866,174</u>
Net assets		
Without donor restrictions	45,046,786	35,436,359
With donor restrictions	<u>7,535,716</u>	<u>6,071,496</u>
TOTAL NET ASSETS	<u>52,582,502</u>	<u>41,507,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 54,348,219</u>	<u>\$ 43,374,029</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, 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	<u>2,771,907</u>	<u>-</u>	<u>2,771,907</u>
	<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	<u>1,402,500</u>	<u>-</u>	<u>1,402,500</u>
	<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.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions and gifts	\$ 10,535,457	\$ 1,741	\$ 10,537,198
Governmental grants	2,624,782	-	2,624,782
Non-cash contributions	2,001,174	-	2,001,174
Local program underwriting	944,850	-	944,850
Program production and studio rental	164,383	-	164,383
Rental income	1,227,234	-	1,227,234
Change in value of beneficial interest in trusts	-	307,872	307,872
Change in value of beneficial interest in funds held by others	-	176,379	176,379
Other income	82,606	-	82,606
	<u>17,580,486</u>	<u>485,992</u>	<u>18,066,478</u>
Distributions from beneficial interest in trusts and funds held by others	<u>249,406</u>	<u>(249,406)</u>	<u>-</u>
Total revenue	<u>17,829,892</u>	<u>236,586</u>	<u>18,066,478</u>
Expenses			
Program services			
Programming and production	7,804,873	-	7,804,873
Broadcasting	<u>2,780,499</u>	<u>-</u>	<u>2,780,499</u>
	<u>10,585,372</u>	<u>-</u>	<u>10,585,372</u>
Supporting services			
Fundraising and membership	2,455,112	-	2,455,112
Management and general	<u>1,429,611</u>	<u>-</u>	<u>1,429,611</u>
	<u>3,884,723</u>	<u>-</u>	<u>3,884,723</u>
Total expenses	<u>14,470,095</u>	<u>-</u>	<u>14,470,095</u>
Revenues less expenses	3,359,797	236,586	3,596,383
Investment return, net	<u>3,637,994</u>	<u>-</u>	<u>3,637,994</u>
Change in net assets	6,997,791	236,586	7,234,377
Net assets at beginning of year	<u>28,438,568</u>	<u>5,834,910</u>	<u>34,273,478</u>
Net assets at end of year	<u>\$ 35,436,359</u>	<u>\$ 6,071,496</u>	<u>\$ 41,507,855</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,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 11,074,647	\$ 7,234,377
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	625,213	606,966
Loss on disposal of assets	248,450	-
Proceeds from restricted contributions	(829,099)	-
Change in value of beneficial interest in trust	(612,415)	(287,516)
Change in value of beneficial interest in funds held by others	(281,873)	(176,379)
Net realized and unrealized gains	(8,689,091)	(3,637,994)
Funds appropriated from beneficial interest in trust	181,120	178,985
Funds appropriated from beneficial interest in funds held by others	67,683	63,607
Endowment transfers	-	6,812
Funds appropriated from endowment	1,406,783	1,603,676
Decrease (increase) in receivables	52,612	(90,499)
Increase in prepaid expenses and other current assets	(15,374)	(68,599)
Decrease in other assets	10,935	9,094
(Decrease) increase in accounts payable and accrued expenses	(80,454)	725,335
Decrease in deferred production and underwriting fees	(20,003)	(267,518)
Total adjustments	<u>(7,935,513)</u>	<u>(1,334,030)</u>
Net cash provided by operating activities	<u>3,139,134</u>	<u>5,900,347</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(259,268)</u>	<u>(1,164,204)</u>
Net cash used by investing activities	<u>(259,268)</u>	<u>(1,164,204)</u>
Cash flows from financing activities		
Purchase of investments, net	(3,080,507)	(4,997,624)
Proceeds from restricted contributions	829,099	-
Increase in funds held by others	<u>(1,060)</u>	<u>(1,741)</u>
Net cash used by financing activities	<u>(2,252,468)</u>	<u>(4,999,365)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	627,398	(263,222)
Cash, cash equivalents and restricted cash at beginning of year	<u>1,388,757</u>	<u>1,651,979</u>
Cash, cash equivalents and restricted cash at end of year	<u><u>\$ 2,016,155</u></u>	<u><u>\$ 1,388,757</u></u>
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	<u>\$ -</u>	<u>\$ -</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

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, 2024

	Program Services			Supporting Services			
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	Combined 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	<u>\$ 7,863,890</u>	<u>\$ 2,771,907</u>	<u>\$ 10,635,797</u>	<u>\$ 2,574,169</u>	<u>\$ 1,402,500</u>	<u>\$ 3,976,669</u>	<u>\$ 14,612,466</u>

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, 2023

	Program Services			Supporting Services			
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	Combined Total
Salaries, payroll taxes and employee benefits	\$ 2,278,556	\$ 1,095,755	\$ 3,374,311	\$ 812,282	\$ 688,593	\$ 1,500,875	\$ 4,875,186
Advertising	125,490	29,389	154,879	76,179	26,009	102,188	257,067
Contract services	985,425	418,087	1,403,512	409,659	130,080	539,739	1,943,251
Depreciation	69,098	442,092	511,190	-	95,776	95,776	606,966
Donated facilities	976,656	195,925	1,172,581	146,943	164,755	311,698	1,484,279
Insurance	17,376	110,169	127,545	4,344	47,785	52,129	179,674
Broadcast system membership fees and program rights	2,597,257	-	2,597,257	250	50,983	51,233	2,648,490
Mailings and postage	107,203	238	107,441	79,829	1,854	81,683	189,124
Membership services	50,662	48,400	99,062	387,200	-	387,200	486,262
Premiums and commissions	38,866	38,866	77,732	344,644	-	344,644	422,376
Program guide	60,200	-	60,200	60,200	-	60,200	120,400
Professional membership and dues	28,081	512	28,593	11,967	11,087	23,054	51,647
Professional services	15,708	15,708	31,416	3,927	43,198	47,125	78,541
Repairs and maintenance	64,712	57,764	122,476	17,130	35,558	52,688	175,164
Supplies and printing	138,519	79,550	218,069	29,652	53,905	83,557	301,626
Telephone	45,690	61,245	106,935	22,377	25,932	48,309	155,244
Travel	90,589	8,373	98,962	34,820	21,063	55,883	154,845
Utilities	114,785	178,426	293,211	13,709	33,033	46,742	339,953
Total expenses	<u>\$ 7,804,873</u>	<u>\$ 2,780,499</u>	<u>\$ 10,585,372</u>	<u>\$ 2,455,112</u>	<u>\$ 1,429,611</u>	<u>\$ 3,884,723</u>	<u>\$ 14,470,095</u>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024 and 2023

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.

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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

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

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. On October 1, 2023, WEDU adopted the new accounting standard and all of the related amendments using the modified retrospective method. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no significant impact on WEDU's financial statements.

WEDU adopted ASU 2016-02, *Leases (Topic 842)* effective October 1, 2022. Under Topic 842, a lessor records a lease as sales-type, direct-financing, or operating. A lease is a sales-type lease if any one of five criteria are met indicating that the lease effectively transfers control of the underlying asset to the lessee. If those five criteria are not met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee, the lease is a direct-financing lease. All leases that are not sales-type or direct-financing leases are operating leases. WEDU used a modified retrospective transition method with the effective date as the date of initial application. WEDU elected the practical expedient and Topic 842 had no effect to beginning net assets or statement of financial position accounts related to lessor accounting.

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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

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

Non-cash contributions are recorded as revenue and expense in the fiscal year during which the benefit is received. Non-cash contributions consist primarily of the use of donated facilities, professional services and promotions and are recorded at fair value.

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 709,559	\$ 755,077
Restricted cash included in investments held for long-term purposes	1,284,782	601,502
Restricted cash included in beneficial interest in perpetual trust	<u>21,814</u>	<u>32,178</u>
Totals	<u>\$ 2,016,155</u>	<u>\$ 1,388,757</u>

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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

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

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.

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 \$520,000 and \$508,000, 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, 2020 remain subject to examination by taxing authorities.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

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

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

In-kind donation items 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.

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

	<u>2024</u>	<u>2023</u>
Donated facilities	\$ 1,632,709	\$ 1,484,280
Advertising and promotional services	336,717	455,778
Other services	<u>37,891</u>	<u>61,116</u>
Total	<u>\$ 2,007,317</u>	<u>\$ 2,001,174</u>

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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 709,559	\$ 755,077
Accounts receivable	<u>202,748</u>	<u>255,360</u>
Total financial assets available for general expenditure within one year	<u>\$ 912,307</u>	<u>\$ 1,010,437</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 \$41,000,000 and \$31,000,000, for the years ended September 30, 2024 and 2023, respectively.

NOTE C - RECEIVABLES

Receivables consist of the following at September 30,:

	<u>2024</u>	<u>2023</u>
Accounts receivable, net of allowance for doubtful accounts of \$26,910 and \$27,429	\$ 202,748	\$ 162,760
Grants receivable	<u>-</u>	<u>92,600</u>
Total receivables, net	<u>\$ 202,748</u>	<u>\$255,360</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 \$54,145 and \$52,000 from the trust for the years ended September 30, 2024 and 2023, respectively.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE E - LAND, BUILDING, AND EQUIPMENT

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

	2024	2023
Land	\$ 614,029	\$ 614,029
Building	-	858,107
Telecasting equipment	3,951,321	3,949,410
Office furniture and equipment	886,861	891,402
Leasehold improvements	704,936	685,018
Digital transmission tower, antenna and related equipment	6,802,797	6,723,817
	<u>12,959,944</u>	<u>13,721,783</u>
Less accumulated depreciation	<u>(8,645,095)</u>	<u>(8,792,539)</u>
	<u><u>\$ 4,314,849</u></u>	<u><u>\$ 4,929,244</u></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.

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 include short-term investments and WEDU's endowment fund, are stated at fair market value and are comprised of the following at September 30,:

	2024	2023
Money market funds	\$ 1,284,782	\$ 601,502
Fixed income	8,656,009	6,885,725
Stocks and mutual funds	<u>34,111,070</u>	<u>25,518,539</u>
	<u><u>\$ 44,051,861</u></u>	<u><u>\$ 33,005,766</u></u>

Endowment fund investments include donor restricted funds, which limit their use to the investment return earned during the year.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE F - INVESTMENTS - Continued

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

	2024	2023
Dividends and interest	\$ 907,663	\$ 730,614
Net realized gains	1,090,998	96,959
Net unrealized gains	6,864,095	2,966,930
Investment fees	(173,665)	(156,509)
	<u>\$ 8,689,091</u>	<u>\$ 3,637,994</u>

NOTE G - ENDOWMENTS

WEDU's endowment includes both donor restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions.

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 donor-restricted endowment 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 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 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 endowment funds:

1. The duration and preservation of the fund
2. The purposes of WEDU 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 that appreciation of investments
6. Other resources of WEDU
7. The investment policies of WEDU

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE G - ENDOWMENTS - Continued

Return Objectives, Risk Parameters, and Strategies

WEDU has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Endowment assets 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 endowment funds (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.

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 endowment fund that may be expended for current operations of WEDU. This policy authorizes WEDU to distribute from its endowment 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 fiscal year-end of the endowment fund.

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, 2024 and 2023, WEDU's Board of Directors authorized the distribution and expenditure of five percent (5%) of the five-year average market value of the endowment as of December 31, 2023 and 2022, respectively.

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

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

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE G - ENDOWMENTS - Continued

Changes in the endowment's net assets are as follows:

	Board Designated	With donor restrictions	Total
Endowment net assets at September 30, 2022	\$ 23,952,093	\$ 5,834,910	\$ 29,787,003
Interest and dividends	730,614	96,531	827,145
Realized and unrealized activity, net of fees	2,907,380	387,720	3,295,100
Endowment additions	5,076,946	1,741	5,078,687
Transfers	6,812	(6,812)	-
Endowment distributions	(1,603,676)	(242,594)	(1,846,270)
Endowment 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
Endowment additions	2,935,748	829,099	3,764,847
Endowment distributions	(1,406,783)	(248,803)	(1,655,586)
Endowment net assets at September 30, 2024	<u>\$ 41,288,225</u>	<u>\$ 7,535,716</u>	<u>\$ 48,823,941</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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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),
- 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, 2024 and 2023

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:

	Level 1	Level 2	Level 3	Fair Value
Assets:				
Investments				
Cash and equivalents	\$ 1,284,782	\$ -	\$ -	\$ 1,284,782
Equities				
U.S. Large Cap	17,495,007	-	-	17,495,007
International	16,616,063	-	-	16,616,063
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>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

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, 2023:

	Level 1	Level 2	Level 3	Fair Value
Assets:				
Investments				
Cash and equivalents	\$ 601,502	\$ -	\$ -	\$ 601,502
Equities				
U.S. Large Cap	16,031,482	-	-	16,031,482
International	9,487,057	-	-	9,487,057
Fixed				
U.S. Treasuries and agencies	-	6,885,635	-	6,885,635
Mortgage securities	-	90	-	90
Beneficial interest in trust	-	485,516	-	485,516
Beneficial interest in perpetual trust				
Cash and equivalents	32,178	-	-	32,178
Equities				
U.S. Large Cap	660,916	-	-	660,916
Small-Mid Cap	265,025	-	-	265,025
International Equity	459,564	-	-	459,564
Fixed				
U.S. Treasuries and agencies	-	635,539	-	635,539
International	-	71,910	-	71,910
Beneficial interest in funds held by others	-	-	1,525,251	1,525,251
Total assets	<u>\$ 27,537,724</u>	<u>\$ 8,078,690</u>	<u>\$ 1,525,251</u>	<u>\$ 37,141,665</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, 2024 and 2023

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, 2022	\$ 1,411,479
Additions	1,000
Realized and unrealized gains, net	176,379
Distributions	(63,607)
Beneficial interest in funds held by others at September 30, 2023	<u>1,525,251</u>
Additions	1,000
Realized and unrealized gains, net	281,873
Distributions	(67,683)
Beneficial interest in funds held by others at September 30, 2024	<u>\$ 1,740,441</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 \$121,000 and \$119,000 to the Plan during fiscal years 2024 and 2023, 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. Currently, benefits under the plan for selected executives will begin to vest in October 2026. For the years ended September 30, 2024 and 2023, no amounts have been recorded in the Statements of Financial Position. WEDU plans to begin accruing the liability when benefits vest.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

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, 2024 and 2023 was 8.04% and 8.01%, respectively. There was no outstanding balance on this line of credit as of September 30, 2024 and 2023.

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 \$158,000 and \$49,000 under this service agreement for the years ended September 30, 2024 and 2023, 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.

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

Digital transmission tower	\$ 6,560,981
Less: accumulated depreciation	<u>(4,634,207)</u>
Total cost, net	<u><u>\$ 1,926,774</u></u>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2024 and 2023

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

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

Year ending September 30,

2025	\$ 906,000
2026	580,000
2027	473,000
2028	489,000
2029	<u>163,000</u>
	<u>\$ 2,611,000</u>

NOTE K - SUBSEQUENT EVENTS

WEDU has evaluated events and transactions occurring subsequent to September 30, 2024 as of December 12, 2024 which is the date the financial statements were available to be issued.