

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

FLORIDA WEST COAST PUBLIC BROADCASTING, INC.

September 30, 2023 and 2022

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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, 2023 and , and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida West Coast Public Broadcasting, Inc. as of September 30, 2023 and , 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida West Coast Public Broadcasting, Inc. 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 13, 2023



Florida West Coast Public Broadcasting, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 755,077	\$ 1,124,787
Accounts receivable	255,360	164,861
Prepaid expenses and other current assets	241,394	172,795
Beneficial interest in trust - current portion	<u>51,561</u>	<u>49,518</u>
TOTAL CURRENT ASSETS	1,303,392	1,511,961
Beneficial interest in trust - long term portion	433,955	425,322
Beneficial interest in perpetual trust	2,125,132	2,006,180
Beneficial interest in funds held by others	1,525,251	1,411,479
Investments held for long-term purposes	33,005,766	25,894,504
Land, building and equipment, net	4,929,244	4,372,006
Other assets	<u>51,289</u>	<u>60,383</u>
TOTAL ASSETS	<u>\$ 43,374,029</u>	<u>\$ 35,681,835</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 297,978	\$ 170,385
Accrued expenses	1,438,579	840,837
Deferred production and underwriting fees	<u>122,500</u>	<u>390,018</u>
TOTAL CURRENT LIABILITIES	1,859,057	1,401,240
Other liabilities	<u>7,117</u>	<u>7,117</u>
TOTAL LIABILITIES	<u>1,866,174</u>	<u>1,408,357</u>
Net assets		
Without donor restrictions	35,436,359	28,438,568
With donor restrictions	<u>6,071,496</u>	<u>5,834,910</u>
TOTAL NET ASSETS	<u>41,507,855</u>	<u>34,273,478</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,374,029</u>	<u>\$ 35,681,835</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, 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	2,780,499	-	2,780,499
	<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	1,429,611	-	1,429,611
	<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.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions and gifts	\$ 9,557,756	\$ 2,208	\$ 9,559,964
Governmental grants	1,789,611	-	1,789,611
Non-cash contributions	1,862,798	-	1,862,798
Local program underwriting	892,360	-	892,360
Program production and studio rental	119,922	-	119,922
Rental income	1,203,041	-	1,203,041
Change in value of beneficial interest in trusts	-	(628,707)	(628,707)
Change in value of beneficial interest in funds held by others	-	(257,402)	(257,402)
Other income	16,709	-	16,709
	<u>15,442,197</u>	<u>(883,901)</u>	<u>14,558,296</u>
Distributions from beneficial interest in trusts and funds held by others	<u>272,772</u>	<u>(272,772)</u>	<u>-</u>
Total revenue	<u>15,714,969</u>	<u>(1,156,673)</u>	<u>14,558,296</u>
Expenses			
Program services			
Programming and production	6,257,751	-	6,257,751
Broadcasting	2,812,415	-	2,812,415
	<u>9,070,166</u>	<u>-</u>	<u>9,070,166</u>
Supporting services			
Fundraising and membership	2,222,461	-	2,222,461
Management and general	1,311,997	-	1,311,997
	<u>3,534,458</u>	<u>-</u>	<u>3,534,458</u>
Total expenses	<u>12,604,624</u>	<u>-</u>	<u>12,604,624</u>
Revenues less expenses	3,110,345	(1,156,673)	1,953,672
Investment return, net	(5,335,901)	-	(5,335,901)
Other changes in net assets	(56,293)	-	(56,293)
Change in net assets	(2,281,849)	(1,156,673)	(3,438,522)
Net assets at beginning of year	<u>30,720,417</u>	<u>6,991,583</u>	<u>37,712,000</u>
Net assets at end of year	<u>\$ 28,438,568</u>	<u>\$ 5,834,910</u>	<u>\$ 34,273,478</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,

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 7,234,377	\$ (3,438,522)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	606,966	527,931
Change in value of beneficial interest in trust	(287,516)	620,797
Change in value of beneficial interest in funds held by others	(176,379)	257,402
Net realized and unrealized (gains) losses	(3,637,994)	5,335,901
Funds appropriated from beneficial interest in trust	178,985	205,905
Funds appropriated from beneficial interest in funds held by others	63,607	73,679
Endowment transfers	6,812	(6,812)
Funds appropriated from endowment	1,603,676	937,479
(Increase) decrease in receivables	(90,499)	131,803
Decrease in investment in Digital Convergence Alliance	-	56,293
Increase in prepaid expenses and other current assets	(68,599)	(26,696)
Decrease (increase) in other assets	9,094	(6,275)
Increase in accounts payable and accrued expenses	725,335	34,947
(Decrease) increase in deferred revenue	(267,518)	279,022
Total adjustments	(1,334,030)	8,421,376
Net cash provided by operating activities	5,900,347	4,982,854
Cash flows from investing activities		
Purchase of fixed assets	(1,164,204)	(285,598)
Net cash used by investing activities	(1,164,204)	(285,598)
Cash flows from financing activities		
Purchase of investments, net	(4,997,624)	(5,348,935)
Increase in funds held by others	(1,741)	(1,208)
Net cash used by financing activities	(4,999,365)	(5,350,143)
Net decrease in cash, cash equivalents and restricted cash	(263,222)	(652,887)
Cash, cash equivalents and restricted cash at beginning of year	1,651,979	2,304,866
Cash, cash equivalents and restricted cash at end of year	\$ 1,388,757	\$ 1,651,979
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, 2023

	Program Services			Supporting Services			Combined Total
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	
Salaries, payroll taxes and employee benefits	\$ 2,278,556	\$ 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	69,097	442,092	511,189	-	95,776	95,776	606,965
Donated facilities	976,657	195,925	1,172,582	146,943	164,755	311,698	1,484,280
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	\$ 7,804,873	\$ 2,780,499	\$ 10,585,372	\$ 2,455,112	\$ 1,429,611	\$ 3,884,723	\$ 14,470,095

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, 2022

	Program Services			Supporting Services			Combined Total
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	
Salaries, payroll taxes and employee benefits	\$ 1,858,367	\$ 1,181,523	\$ 3,039,890	\$ 803,645	\$ 628,070	\$ 1,431,715	\$ 4,471,605
Advertising	233,736	4,900	238,636	17,168	67,324	84,492	323,128
Contract services	550,717	438,637	989,354	321,864	94,243	416,107	1,405,461
Depreciation	57,176	397,807	454,983	-	72,948	72,948	527,931
Donated facilities	888,120	178,114	1,066,234	133,585	149,778	283,363	1,349,597
Insurance	14,659	91,912	106,571	3,665	40,311	43,976	150,547
Broadcast system membership fees and program rights	2,120,891	-	2,120,891	200	50,896	51,096	2,171,987
Mailings and postage	85,362	306	85,668	62,078	2,323	64,401	150,069
Membership services	39,388	39,388	78,776	315,107	-	315,107	393,883
Premiums and commissions	41,809	41,809	83,618	369,940	-	369,940	453,558
Program guide	52,764	-	52,764	52,764	-	52,764	105,528
Professional membership and dues	13,590	2,977	16,567	7,376	7,294	14,670	31,237
Professional services	15,919	23,891	39,810	3,980	43,777	47,757	87,567
Repairs and maintenance	38,900	75,327	114,227	25,320	28,214	53,534	167,761
Supplies and printing	92,730	71,869	164,599	42,854	59,131	101,985	266,584
Telephone	26,918	67,189	94,107	22,085	22,379	44,464	138,571
Travel	44,030	11,549	55,579	29,180	15,724	44,904	100,483
Utilities	82,675	185,217	267,892	11,650	29,585	41,235	309,127
Total expenses	\$ 6,257,751	\$ 2,812,415	\$ 9,070,166	\$ 2,222,461	\$ 1,311,997	\$ 3,534,458	\$ 12,604,624

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

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, 2023 and 2022

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

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 revenue.

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.

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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

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

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 755,077	\$ 1,124,787
Restricted cash included in investments held for long-term purposes	601,502	515,370
Restricted cash included in beneficial interest in perpetual trust	<u>32,178</u>	<u>11,822</u>
Totals	<u>\$ 1,388,757</u>	<u>\$ 1,651,979</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.

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."

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

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

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 of approximately \$715,000; 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 loss deferred tax asset due to the uncertainty of future unrelated business taxable income. Tax years after September 30, 2019 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.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

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

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>2023</u>	<u>2022</u>
Donated facilities	\$ 1,484,280	\$ 1,349,597
Advertising and promotional services	455,778	472,382
Other services	<u>61,116</u>	<u>40,819</u>
Total	<u>\$ 2,001,174</u>	<u>\$ 1,862,798</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.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 755,077	\$ 1,124,787
Accounts receivable	<u>255,360</u>	<u>164,861</u>
Total financial assets available for general expenditure within one year	<u>\$ 1,010,437</u>	<u>\$ 1,289,648</u>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE B - LIQUIDITY - Continued

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 \$31,000,000 and \$24,000,000, for the years ended September 30, 2023 and 2022, respectively.

NOTE C - RECEIVABLES

Receivables consist of the following at September 30,:

	<u>2023</u>	<u>2022</u>
Accounts receivable, net of allowance for doubtful accounts of \$27,429 for both years	\$ 162,760	\$ 149,019
Grants receivable	<u>92,600</u>	<u>15,842</u>
Total receivables, net	<u>\$ 255,360</u>	<u>\$ 164,861</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 \$52,000 and \$73,415 from the trust for the years ended September 30, 2023 and 2022, respectively.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE E - LAND, BUILDING, AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land	\$ 614,029	\$ 614,029
Building	912,329	912,329
Telecasting equipment	3,949,410	3,163,304
Office furniture and equipment	891,402	668,963
Leasehold improvements	630,796	626,998
Digital transmission tower, antenna and related equipment	<u>6,723,817</u>	<u>6,679,783</u>
	13,721,783	12,665,406
Less accumulated depreciation	<u>(8,792,539)</u>	<u>(8,293,400)</u>
	<u>\$ 4,929,244</u>	<u>\$ 4,372,006</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,:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 601,502	\$ 515,370
Fixed income	6,885,725	5,941,205
Stocks and mutual funds	<u>25,518,539</u>	<u>19,437,929</u>
	<u>\$ 33,005,766</u>	<u>\$ 25,894,504</u>

Endowment fund investments include Board designated funds and 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, 2023 and 2022

NOTE F - INVESTMENTS - Continued

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

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 730,614	\$ 537,964
Net realized gains	96,959	626,197
Net unrealized gains (losses)	2,966,930	(6,359,279)
Investment fees	<u>(156,509)</u>	<u>(140,783)</u>
	<u>\$ 3,637,994</u>	<u>\$ (5,335,901)</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, 2023 and 2022

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, 2023 and 2022, 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, 2022 and 2021, 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, 2023 and 2022

NOTE G - ENDOWMENTS - Continued

At September 30, 2022, funds with original gift values of \$175,000 fair values of \$168,188, and deficiencies of \$6,812 were reported in net assets with donor restrictions. Deficiencies of this nature may exist temporarily due to unfavorable market fluctuations that occur shortly after the investment of new contributions for donor-restricted endowment funds.

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

	Board Designated	With donor restrictions	Total
Endowment net assets at September 30, 2021	\$ 24,647,856	\$ 6,991,583	\$ 31,639,439
Interest and dividends	537,964	100,368	638,332
Realized and unrealized activity, net of fees	(5,873,865)	(993,289)	(6,867,154)
Endowment additions	5,584,429	2,208	5,586,637
Transfers	(6,812)	6,812	-
Endowment distributions	<u>(937,479)</u>	<u>(272,772)</u>	<u>(1,210,251)</u>
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	<u>(1,603,676)</u>	<u>(242,594)</u>	<u>(1,846,270)</u>
Endowment net assets at September 30, 2023	<u>\$ 31,070,169</u>	<u>\$ 6,071,496</u>	<u>\$ 37,141,665</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, 2023 and 2022

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, 2023 and 2022

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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
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
	<u>-</u>	<u>-</u>	<u>1,525,251</u>	<u>1,525,251</u>
 Total assets	 <u>\$ 27,537,724</u>	 <u>\$ 8,078,690</u>	 <u>\$ 1,525,251</u>	 <u>\$ 37,141,665</u>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets:				
Investments				
Cash and equivalents	\$ 515,370	\$ -	\$ -	\$ 515,370
Equities				
U.S. Large Cap	13,913,609	-	-	13,913,609
International	5,524,320	-	-	5,524,320
Fixed				
U.S. Treasuries and agencies	-	5,940,841	-	5,940,841
Mortgage securities	-	364	-	364
Beneficial interest in trust	-	474,840	-	474,840
Beneficial interest in perpetual trust				
Cash and equivalents	11,822	-	-	11,822
Equities				
U.S. Large Cap	603,965	-	-	603,965
Small-Mid Cap	246,214	-	-	246,214
Opportunistic Equity	62,769	-	-	62,769
International Equity	364,486	-	-	364,486
Fixed				
U.S. Treasuries and agencies	-	642,982	-	642,982
International	-	73,942	-	73,942
Beneficial interest in funds held by others	-	-	1,411,479	1,411,479
	<u>-</u>	<u>-</u>	<u>1,411,479</u>	<u>1,411,479</u>
Total assets	<u>\$ 21,242,555</u>	<u>\$ 7,132,969</u>	<u>\$ 1,411,479</u>	<u>\$ 29,787,003</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, 2023 and 2022

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, 2021	\$ 1,741,562
Additions	1,000
Realized and unrealized losses, net	(257,402)
Distributions	<u>(73,681)</u>
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	<u>(63,607)</u>
Beneficial interest in funds held by others at September 30, 2023	<u><u>\$ 1,525,251</u></u>

NOTE I - RETIREMENT PLAN AND DEFERRED COMPENSATION 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 \$119,000 and \$102,000 to the Plan during fiscal years 2023 and 2022, respectively.

During 2022, a defined benefit supplemental executive retirement plan was formed. Benefits for this plan are based on the Participant's fixed retirement benefit as determined by the Board of Directors. Currently, benefits under the plan will begin to vest in October 2026. For the years ended September 30, 2023 and 2022, 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, 2023 and 2022

NOTE J - COMMITMENTS AND CONTINGENCIES

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, 2023 and 2022 was 8.01% and 5.25%, respectively. There was no outstanding balance on this line of credit as of September 30, 2023 and 2022.

Service agreement

On March 1, 2013 WEDU entered into agreements with the Corporation for Public Broadcasting (CPB) and the Digital Convergence Alliance (DCA) as a founding member of the Network Operations Center (NOC). CPB awarded a \$7 million grant to the Digital Convergence Alliance (DCA), comprising 11 public television stations that serve communities in Florida, Georgia, Texas, Wisconsin, and Illinois, to combine their operations into a single master control location. Specifically, CPB's grant will allow the DCA to establish the NOC, resulting in projected lower direct costs and a projected savings of more than \$20 million over 10 years.

Under the agreements, WEDU is required to pay \$2.2 million over a ten year period for the joint master control services provided by NOC (\$1.7 million), and for funding equipment replacements (\$0.5 million). WEDU paid \$274,352 to the DCA for the year ended September 30, 2022. Approximately \$2,377,000 has been paid by WEDU as of September 30, 2022, since entering into the agreement.

In August 2021, WEDU signed a station service level agreement with Centralcast, LLC to provide joint master control services to the station originally effective February 28, 2023. As a result of the agreement with the DCA coming to an end, WEDU deemed the carrying value of the investment in DCA to be \$-0- at September 30, 2022. However, due to supply chain delays of equipment, there was a delay in the transition to Centralcast. As a result, WEDU paid \$232,902 to the DCA for the year ended September 30, 2023 to keep the DCA in operations. The transition is expected to occur in fiscal year 2024.

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, 2023 and 2022

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	\$ 6,482,000
Less: accumulated depreciation	<u>(4,436,423)</u>
Total cost, net	<u>\$ 2,045,577</u>

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

<u>Year ending September 30,</u>	
2024	\$ 886,000
2025	459,000
2026	474,000
2027	312,000
2028	<u>32,300</u>
	<u>\$ 2,163,300</u>

NOTE K - SUBSEQUENT EVENTS

WEDU has evaluated events and transactions occurring subsequent to September 30, 2023 as of December 13, 2023 which is the date the financial statements were available to be issued.