

**MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**



# **MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION**

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***June 30, 2025 and 2024***

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## **Independent Auditor's Report**

Board of Trustees  
Mid-South Public Communications Foundation  
Cordova, Tennessee

### ***Opinion***

We have audited the financial statements of Mid-South Public Communications Foundation (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Mid-South Public Communications Foundation 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.

### ***Prior Period Financial Statements***

The financial statements as of and for the year ended June 30, 2024 were audited by Frazee Ivy Davis PLC, who was acquired by LBMC, PC on December 1, 2024, who expressed an unmodified opinion on those statements on November 12, 2024.

### ***Report on Restatement Adjustments to June 30, 2024 Financial Statements***

As part of our audit of the June 30, 2025 financial statements, we also audited the adjustments described in Note 14 that were applied to restate the June 30, 2024 financial statements. Based on our audit, we are not aware of any material modification that should be made to the adjustments that were applied to restate the June 30, 2024 financial statements to be in accordance with principles generally accepted in the United States of America.

### ***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 Mid-South Public Communications Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

A handwritten signature in black ink that reads "HBMC, PC". The "H" and "B" are connected, as are the "M" and "C".

Memphis, Tennessee  
December 17, 2025

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Statements of Financial Position*

*June 30, 2025 and 2024*

ASSETS		
	2025	2024 (Restated)
Cash and cash equivalents	\$ 895,936	\$ 273,046
Accounts receivable	55,790	99,629
Bequests receivable	53,391	69,191
Other assets	23,487	25,686
Investments	10,787,743	5,210,566
Beneficial interest in endowment	1,664,448	1,546,407
Property and equipment, net	7,317,720	7,457,848
Assets held for resale	-	53,763
 Total assets	 <b>\$ 20,798,515</b>	 <b>\$ 14,736,136</b>
LIABILITIES AND NET ASSETS		
 Liabilities		
Accounts payable and accrued expenses	\$ 70,596	\$ 82,447
Deferred revenue	-	13,737
 Total liabilities	 <b>70,596</b>	 96,184
 Net assets		
Without donor restrictions	18,461,513	12,541,587
With donor restrictions		
Purpose	1,067,754	933,320
In perpetuity	1,198,652	1,165,045
 Total net assets	 <b>20,727,919</b>	 14,639,952
 Total liabilities and net assets	 <b>\$ 20,798,515</b>	 <b>\$ 14,736,136</b>

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Statements of Activities*

*For the year ended June 30, 2025*

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	In Perpetuity	
Revenues and support				
Contributions	\$ 3,381,442		\$ -	\$ 3,381,442
CPB Community Service Grants	1,163,471	-	-	1,163,471
State of Tennessee grant	430,793	-	-	430,793
Production and royalty revenues	53,403	-	-	53,403
Education revenue	37,275	-	-	37,275
Underwriting	464,510	-	-	464,510
Special events	20,266	-	-	20,266
Net investment income	644,911	-	-	644,911
Change in beneficial interest	(50,000)	134,434	33,607	118,041
In-kind contributions	24,230	-	-	24,230
Antenna income	416,318	-	-	416,318
Sale of EBS license (see Note 9)	5,000,000	-	-	5,000,000
Loss on disposition of property and equipment	(54,553)	-	-	(54,553)
Other revenues and support	58,641	-	-	58,641
 Total revenues and support	 11,590,707	 134,434	 33,607	 11,758,748
Reclassifications				
Net assets released from restriction	-	-	-	-
 Total revenues and support and reclassifications	 11,590,707	 134,434	 33,607	 11,758,748
Expenses				
Program services	4,076,300	-	-	4,076,300
Supporting services	1,594,481	-	-	1,594,481
 Total expenses	 5,670,781	 -	 -	 5,670,781
Change in net assets	5,919,926	134,434	33,607	6,087,967
Net assets, beginning of year	12,541,587	933,320	1,165,045	14,639,952
 Net assets, end of year	 \$ 18,461,513	 \$ 1,067,754	 \$ 1,198,652	 \$ 20,727,919

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Statements of Activities*

*For the year ended June 30, 2024*

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	In Perpetuity	
Revenues and support				
Contributions	\$ 3,150,298	\$ -	\$ -	\$ 3,150,298
CPB Community Service Grants	1,133,451	-	-	1,133,451
TN grant - TV	1,264,126	-	-	1,264,126
Production and royalty revenues	50,834	-	-	50,834
Education revenue	39,750	-	-	39,750
Underwriting	517,576	-	-	517,576
Special events	7,194	-	-	7,194
Net investment income	316,262	-	-	316,262
Change in beneficial interest	-	131,512	32,879	164,391
In-kind contributions	9,738	-	-	9,738
Antenna income	413,072	-	-	413,072
Other revenues and support	<u>63,656</u>	<u>-</u>	<u>-</u>	<u>63,656</u>
Total revenues and support	6,965,957	131,512	32,879	7,130,348
Reclassifications				
Net assets released from restriction	<u>20,169</u>	<u>(20,169)</u>	<u>-</u>	<u>-</u>
Total revenues and support and reclassifications	<u>6,986,126</u>	<u>111,343</u>	<u>32,879</u>	<u>7,130,348</u>
Expenses				
Program services	3,980,799	-	-	3,980,799
Supporting services	<u>1,527,653</u>	<u>-</u>	<u>-</u>	<u>1,527,653</u>
Total expenses	<u>5,508,452</u>	<u>-</u>	<u>-</u>	<u>5,508,452</u>
Change in net assets	1,477,674	111,343	32,879	1,621,896
Net assets, beginning of year	<u>11,063,913</u>	<u>821,977</u>	<u>1,132,166</u>	<u>13,018,056</u>
Net assets, end of year	<u>\$ 12,541,587</u>	<u>\$ 933,320</u>	<u>\$ 1,165,045</u>	<u>\$ 14,639,952</u>

## MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

### *Statements of Functional Expenses*

*For the year ended June 30, 2025*

	Program Services					Supporting Services						
	FM Radio		TV Programs and Production		Program Broadcast	Information and Promotion		Sub - Total	Development	Management and General	Sub - Total	Total
Salaries, payroll taxes and employee benefits	\$ 382,902	\$ 507,268	\$ 487,962	\$ 174,358	\$ 1,552,490	\$ 566,643	\$ 271,933	\$ 838,576	\$ 2,391,066			
Program acquisition	405,525	804,616	-	-	1,210,141	-	-	-	-		1,210,141	
Utilities	-	-	372,590	-	372,590	-	-	-	-		372,590	
Depreciation	50,782	89,974	128,062	8,155	276,973	38,051	24,810	62,861	339,834			
Professional services	19,330	53,612	70,483	-	143,425	33,670	155,588	189,258	332,683			
Tools, props, supplies	8,026	82,052	5,603	7,673	103,354	79,628	42,421	122,049	225,403			
Maintenance and repairs	17,533	-	106,384	-	123,917	-	87,212	87,212	211,129			
Insurance, general	16,635	30,546	20,651	3,743	71,575	17,466	11,388	28,854	100,429			
Bank fees	-	-	-	-	-	75,117	8,271	83,388	83,388			
Affiliation dues	-	79,632	-	-	79,632	-	-	-	-		79,632	
Communications	11,414	6,155	31,832	-	49,401	2,831	24,804	27,635	77,036			
Direct mail	-	-	-	-	-	76,811	-	76,811	76,811			
Premiums	-	-	-	-	-	69,255	-	69,255	69,255			
Advertising and promotion	-	24,230	-	12,923	37,153	-	-	-	-		37,153	
Grant and contract production	-	24,149	-	-	24,149	-	-	-	-		24,149	
Rent, facilities	19,875	-	-	-	19,875	-	-	-	-		19,875	
Travel	1,800	7,170	691	-	9,661	2,637	2,879	5,516	15,177			
Special events	-	-	-	-	-	3,056	-	3,056	3,056			
Printing	-	1,964	-	-	1,964	10	-	10	1,974			
Total expenses	<u>\$ 933,822</u>	<u>\$ 1,711,368</u>	<u>\$ 1,224,258</u>	<u>\$ 206,852</u>	<u>\$ 4,076,300</u>	<u>\$ 965,175</u>	<u>\$ 629,306</u>	<u>\$ 1,594,481</u>	<u>\$ 5,670,781</u>			

*See accompanying notes to the financial statements.*

## MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

*Statements of Functional Expenses)*

*For the year ended June 30, 2024*

	Program Services						Supporting Services				
	FM Radio		TV Programs and Production		Program Information and Promotion		Sub - Total	Management and General		Sub - Total	Total
	FM Radio	TV Programs and Production	Broadcast	Program Information and Promotion	Sub - Total	Development	and General				
Salaries, payroll taxes and employee benefits	\$ 363,778	\$ 464,280	\$ 507,284	\$ 144,673	\$ 1,480,015	\$ 463,628	\$ 308,409	\$ 772,037	\$ 2,252,052		
Program acquisition	403,569	782,394	-	-	1,185,963	-	-	-	-	1,185,963	
Utilities	-	-	375,284	-	375,284	-	-	-	-	375,284	
Professional services	29,175	60,190	70,570	-	159,935	42,941	157,627	200,568	360,503		
Depreciation	48,196	96,456	99,046	7,256	250,954	33,300	24,873	58,173	309,127		
Maintenance and repairs	45,411	-	110,275	-	155,686	-	64,181	64,181	219,867		
Tools, props, supplies	12,570	47,694	1,864	7,802	69,930	58,661	30,776	89,437	159,367		
Insurance, general	15,067	25,435	18,641	3,025	62,168	13,881	24,983	38,864	101,032		
Direct mail	-	-	-	-	-	92,010	-	92,010	92,010		
Communications	10,793	5,501	28,929	1,340	46,563	3,687	31,448	35,135	81,698		
Premiums	-	-	-	-	-	80,406	-	80,406	80,406		
Affiliation dues	1,462	76,221	525	-	78,208	-	1,625	1,625	79,833		
Bank fees	-	-	-	-	-	70,432	8,834	79,266	79,266		
Grant and contract production	-	48,127	-	-	48,127	-	-	-	-	48,127	
Advertising and promotion	-	1,995	-	24,623	26,618	-	-	-	-	26,618	
Rent, facilities	20,917	1,847	-	-	22,764	-	-	-	-	22,764	
Travel	1,361	6,328	5,003	-	12,692	4,750	4,691	9,441	22,133		
Printing	-	5,710	-	-	5,710	-	-	-	-	5,710	
Provision for credit losses	-	-	-	-	-	-	4,095	4,095	4,095		
Special events	-	182	-	-	182	2,415	-	2,415	2,415	2,597	
Total expenses	<u>\$ 952,299</u>	<u>\$ 1,622,360</u>	<u>\$ 1,217,421</u>	<u>\$ 188,719</u>	<u>\$ 3,980,799</u>	<u>\$ 866,111</u>	<u>\$ 661,542</u>	<u>\$ 1,527,653</u>	<u>\$ 5,508,452</u>		

*See accompanying notes to the financial statements.*

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Statements of Cash Flows*

*For the years ended June 30, 2025 and 2024*

	<u>2025</u>	<u>2024</u>
Operating activities		
Change in net assets	\$ 6,087,967	\$ 1,621,896
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	339,834	309,127
Unrealized gain on investments	(331,254)	(156,770)
Change in value of beneficial interest on endowment	(118,041)	(164,391)
Realized gain on investments	(60,623)	(10,958)
Loss on disposition of property and equipment	54,553	8,910
Sale of EBS licenses	(5,000,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	43,839	6,599
Bequests receivable	15,800	14,896
Grants receivable	-	19,250
Other assets	2,199	4,111
Accounts payable and accrued expenses	(11,851)	15,903
Deferred revenue	(13,737)	13,737
Net cash provided by operating activities	<u>1,008,686</u>	<u>1,682,310</u>
Investing activities		
Purchases of investments	(6,700,312)	(2,166,038)
Proceeds from the sale of investments	1,515,012	365,956
Purchases of property and equipment	(200,496)	(308,813)
Proceeds from sale of EBS licenses	5,000,000	-
Net cash used in investing activities	<u>(385,796)</u>	<u>(2,108,895)</u>
Change in cash and cash equivalents	622,890	(426,585)
Cash and cash equivalents, beginning of year	<u>273,046</u>	<u>699,631</u>
Cash and cash equivalents, end of year	<u>\$ 895,936</u>	<u>\$ 273,046</u>

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

***Notes to the Financial Statements***

***June 30, 2025 and 2024***

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## **Note 1 – Summary of Significant Accounting Policies**

### *Organization*

Mid-South Public Communications Foundation (the "Foundation") is a not-for-profit institution organized for the purpose of furthering educational needs of the community through the generation of noncommercial educational television (WKNO-TV) and radio stations (WKNO-FM and WKNP-FM).

### *Basis of Accounting*

The accompanying financial statements have been prepared in accordance with the accrual basis of accounting. Under this basis of accounting, revenues and support are recognized in the period earned and expenses are recognized when incurred.

### *Financial Statement Presentation*

Under accounting standards for not-for-profit organizations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be met in perpetuity.

### *Cash Equivalents*

The Foundation considers all highly liquid investments with an initial maturity of three month or less to be cash equivalents.

### *Accounts Receivable*

The Foundation records accounts receivable at their estimated net realizable value. An allowance for credit losses is recorded based upon management's estimate of uncollectible accounts, determined by analysis of specific accounts and general reserve based upon aging of outstanding balances. Past due balances of delinquent receivables are charged against the allowance when they are determined to be uncollectible by management. The Foundation does not recognize interest income on outstanding receivables. The allowance for credit losses was \$6,866 as of June 30, 2025 and 2024.

### *Investments*

Investments in marketable debt and equity securities are measured at fair value. Investment gains and losses are reported as increases or decreases in unrestricted net assets, unless otherwise restricted by donors. Investment gains restricted by donors are reported as increases in net assets with donor restrictions (purpose or in perpetuity) depending on the nature of the restriction.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Notes to the Financial Statements*

*June 30, 2025 and 2024*

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### *Fair Value Measurements*

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establish the framework for a fair value hierarchy. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable market data (Level 2), and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability in an orderly transaction.

#### *Property, Equipment, and Depreciation*

Property and equipment are stated at estimated fair value at the date of the contribution, if contributed, or at acquisition cost, if purchased. Donations of property and equipment are recorded as contributions without donor restrictions at the date of donation unless the donor has restricted the donated asset to a specific purpose. Major renewals and betterments that extend the useful lives of assets are also recorded at cost. Expenditures for normal repair and maintenance are expensed as they occur. Gains or losses on the disposal of property and equipment no longer in use due to sale or abandonment (if any) are included in the statement of activities. Depreciation is determined using the straight-line method over the estimated useful lives of the assets which range from three to forty years.

#### *Revenues and Support*

The Foundation receives revenues and support from a variety of sources including private contributions. Contributions received are recorded as support with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to the Foundation that is, in substance, unconditional. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. Promises to give resulting from bequests are recognized as revenue when the Foundation has been informed that the will has been validated by a probate court.

Contributions and investment income that are limited to specific uses by donor-imposed restrictions are reported as being received without donor restrictions when the restrictions are met within the same reporting period. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restriction expires or is satisfied.

The Foundation has evaluated its antenna lease contracts and determined that its leases qualify for recognizing revenue over the life of the lease. The primary criterion management has identified is that the lessee simultaneously receives and consumes the benefit provided by the Foundation's performance as the Foundation performs its obligations under the lease. The Foundation uses an input method for measuring progress on its leases. Input methods are measures that are incurred in the process of satisfying performance obligations. Accordingly, management considers the passage of time to be the best available measure of inputs to its leases.

The contract liability, "deferred revenue, antenna leases," represents the Foundation's obligation to provide leased antenna space to a lessee for which the Foundation has been paid by the lessee or for which the Foundation has billed the lessee under the terms of the lease. Revenue for future services reflected in this account is recognized, and the liability is reduced, as the Foundation subsequently satisfies the performance obligation under the lease.

#### *In-kind Contributions and Donated Services*

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Generally, nonfinancial assets contributed are utilized in providing program services or administrative functions.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## ***Notes to the Financial Statements***

***June 30, 2025 and 2024***

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### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### *Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following:

Type of Expense	Method of Allocation
Other building occupancy	Full time equivalent
Supplies and services	Full time equivalent
Salaries and wages	Time and effort
Payroll taxes and benefits	Time and effort

#### *Advertising*

Advertising costs are expensed as incurred and totaled \$37,153 and \$26,618 for the years ended June 30, 2025 and 2024, respectively.

#### *Tax Status*

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation has been classified as an organization other than a private foundation under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

The Foundation files tax returns in the United States federal jurisdiction and Tennessee state jurisdiction and is no longer subject to tax examinations by tax authorities for the years prior to 2022. Based on the evaluation of the Foundation's tax positions, management believes all positions taken would more likely than not be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2025 and 2024.

#### *Use of Estimates*

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

#### *Concentration of Risk*

Although the Foundation has a policy to maintain a diversified portfolio, investment securities are subject to market and credit risk, including the issuers' ability to meet their obligations, which may be affected by general economic conditions or economic developments in a specific geographic region or industry.

The Foundation maintains its cash balances and certificates of deposit at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025, the Fund's uninsured cash and CD balances totaled \$561,343. The Fund monitors the creditworthiness of the financial institutions and believes the risk of loss is minimal.

#### *Subsequent Events*

Management has evaluated subsequent events through December 17, 2025, the date the financial statements were available to be issued.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## ***Notes to the Financial Statements***

***June 30, 2025 and 2024***

### **Note 2 – Property and Equipment**

Property and equipment consisted of the following as of June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Land	\$ 1,620,684	\$ 1,620,684
Transmitter building	353,081	352,066
Buildings	7,877,221	7,877,221
Transmitter and tower	3,507,945	3,444,372
Office equipment	442,318	433,899
Vehicles	15,808	15,808
Studio and technical equipment	<u>6,085,043</u>	<u>6,064,958</u>
	<u>19,902,100</u>	<u>19,809,008</u>
Less accumulated depreciation	<u>(12,584,380)</u>	<u>(12,351,160)</u>
Property and equipment, net	<u><u>\$ 7,317,720</u></u>	<u><u>\$ 7,457,848</u></u>
Depreciation expense for the year	<u><u>\$ 339,834</u></u>	<u><u>\$ 309,127</u></u>

### **Note 3 – Accounts Receivables, Contract Assets, and Contract Liabilities**

The opening and closing balances of receivables, contract assets, and contract liabilities consisted of the following:

	June 30, 2023	June 30, 2024	June 30, 2025
Receivables			
Accounts receivable, net	<u>\$ 106,228</u>	<u>\$ 99,629</u>	<u>\$ 55,790</u>
Total receivables	<u><u>\$ 106,228</u></u>	<u><u>\$ 99,629</u></u>	<u><u>\$ 55,790</u></u>
Contract liabilities			
Deferred revenue	<u>\$ -</u>	<u>\$ 13,737</u>	<u>\$ -</u>
Total contract liabilities	<u><u>\$ -</u></u>	<u><u>\$ 13,737</u></u>	<u><u>\$ -</u></u>

Deferred revenue as of June 30, 2024, was recognized as revenue in the statement of activities for the year ended June 30, 2025.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Notes to the Financial Statements*

*June 30, 2025 and 2024*

### **Note 4 – Investments**

Investments consisted of the following as of June 30, 2025 and 2024:

	<b>2025</b>		<b>2024</b>	
	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>
Equity funds	\$ 5,621,671	\$ 5,297,122	\$ 2,800,986	\$ 2,661,224
Equity securities	1,741,321	1,669,181	-	-
Corporate bonds	2,905,370	2,822,627	1,897,676	1,904,403
Certificates of deposit	519,381	519,381	511,904	511,904
 Total investments	 <u>\$10,787,743</u>	 <u>\$10,308,311</u>	 <u>\$ 5,210,566</u>	 <u>\$ 5,077,531</u>

At June 30, 2025, investments included \$7,175,743 in pledged accounts as collateral under a line of credit agreement with a financial institution (see Note 7). As of June 30, 2025, there was no balance on this related line of credit.

Investments held by the Community Foundation of Greater Memphis, Inc. consist of funds transferred from the Foundation to the WKNO-TV/FM Endowment Fund (the “Endowment Fund”) (see Note 10). The beneficiary of the Endowment Fund is the Foundation.

Net investment income for the years ended June 30, 2025 and 2024, consisted of the following:

	<b>2025</b>	<b>2024</b>
Net gain on investments	391,877	167,728
Interest and dividend income	282,239	165,511
Investment fees	<u>(29,205)</u>	<u>(16,977)</u>
 Net investment income	 <u>\$ 644,911</u>	 <u>\$ 316,262</u>

### **Note 5 – Beneficial Interest in Endowment**

An unrelated not-for-profit organization has received certain funds to establish and administer an endowment fund for the benefit of the Foundation. While the Foundation has neither possession nor control over the fund, its beneficial interest in the fund is reflected as an asset on the statement of financial position. Changes in fair value of the fund are recognized in the statement of activities.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Notes to the Financial Statements*

*June 30, 2025 and 2024*

### **Note 6 – Fair Value Measurements**

Fair value of assets measured on a recurring basis as of June 30, 2025, includes the following:

	2025	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity funds	\$ 5,621,671	\$ 5,621,671	\$ -	\$ -
Equity securities	1,741,321	1,741,321	-	-
Corporate bonds	2,905,370	2,905,370	-	-
Certificates of deposit	<u>519,381</u>	-	<u>519,381</u>	-
 Total fair value of investments	 <u>\$10,787,743</u>	 <u>\$10,268,362</u>	 <u>\$ 519,381</u>	 \$ -

Fair value of assets measured on a recurring basis as of June 30, 2024, includes the following:

	2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity funds	\$ 2,800,986	\$ 2,800,986	\$ -	\$ -
Corporate bonds	1,897,676	1,897,676	-	-
Certificates of deposit	<u>511,904</u>	-	<u>511,904</u>	-
 Total fair value of investments	 <u>\$ 5,210,566</u>	 <u>\$ 4,698,662</u>	 <u>\$ 511,904</u>	 \$ -

Fair values for Level 1 assets are determined by reference to quoted market prices for identical assets. Fair values for Level 2 assets are determined by reference to quoted market prices of similar assets and other relevant information generated by market transactions.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## Notes to the Financial Statements

June 30, 2025 and 2024

### **Note 6 – Fair Value Measurements (continued)**

In accordance with Topic 820, beneficial interests in an endowment, which are measured at net asset value (“NAV”) per share (or its equivalent), have not been classified in the fair value hierarchy. The fair value amounts presented in the following table represent all of the Foundation’s assets reported at the fair value presented in the statements of financial position as of June 30, 2025 and 2024 that are valued based primarily on NAV:

	Fair Value at June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice
Beneficial interest - Community Foundation of Greater Memphis, Inc.	\$ 1,664,448	\$ -	Quarterly	1-3 days
<hr/>				
	Fair Value at June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice
Beneficial interest - Community Foundation of Greater Memphis, Inc.	\$ 1,546,407	\$ -	Quarterly	1-3 days

*Beneficial interest in endowment:* The Foundation has funds managed by the Community Foundation of Greater Memphis. The Community Foundation of Greater Memphis provides the fair value of the Foundation's interest in the pooled fund, which amounted to \$1,664,448 and \$1,546,407 as of June 30, 2025 and 2024, respectively. As of June 30, 2025, the Foundation owned 9,478.501 units values at \$175.60 per share of Balanced – Active Pool of the Community Foundation of Greater Memphis. The underlying assets in the fund consist of securities, whose fair value is based on quoted market prices, in addition to alternative investments for which a readily determined fair value does not exist. The fair value of the alternative investment portfolio is determined based on valuations received by The Community Foundation of Greater Memphis from the underlying fund managers.

### **Note 7 – Line of Credit**

The Foundation has a line of credit with a financial institution with a maximum borrowing about of \$500,000. Interest is payable monthly at the one month LIBOR rate plus an applicable percentage as determined by the market value of pledged investment securities (7.19% as of June 30, 2025). The line of credit is collateralized by investment securities (see Note 4). As of June 30, 2025 and 2024, the line of credit had no amounts outstanding.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

*Notes to the Financial Statements*

*June 30, 2025 and 2024*

## **Note 8 – Net Assets with Donor Restrictions**

As of June 30, 2025 and 2024, the Foundation had \$1,017,754 (\$671,959 for Plough Grant and \$345,795 for the endowment) and \$933,320 (\$671,959 for Plough Grant and \$261,361 for the endowment), respectively, of net assets with donor restrictions as to purpose. For the year ended June 30, 2024, \$20,169 of net assets with donor restrictions as to purpose was released from restriction through use. No net assets were released from restrictions for the year ended June 30, 2025.

Net assets with donor restrictions in perpetuity consisted of the principal balance of the WKNO-TV/FM Endowment Fund (the “Endowment Fund”) held at the Community Foundation of Greater Memphis, Inc. A portion of the net investment income of the Endowment Fund is available to supplement the cost of operations while the remaining balance of net investment income is to be reinvested in the principal of the Endowment Fund (see Note 10). As of June 30, 2025 and 2024, the balance of net assets with donor restrictions in perpetuity was \$1,198,652 and \$1,165,045, respectively.

## **Note 9 – Sale of EBS License**

On January 9, 2025, Mid-South Public Communications Foundation entered into an agreement (the "Agreement") with a telecommunication organization to sell its license to multiple Educational Broadband Service ("EBS") subchannels. The EBS licenses had been acquired by WKNO-TV in the late 1980s (and, at the time, were called Instructional Television Fixed Service, or ITFS, licenses) as a way to deliver educational programming directly to area schools.

Revenue from the sale of the EBS licenses is shown as recurring revenue on WKNO's statement of activities. WKNO Board of Trustees have invested proceeds with income used to support the public service mission of the organization.

## **Note 10 – Endowment Fund**

The Foundation's endowment fund consists of a balanced pooled fund established for the purpose of raising and investing funds for capital improvements and program expenses. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment fund, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted by the State of Tennessee as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of the investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## *Notes to the Financial Statements*

*June 30, 2025 and 2024*

### **Note 10 – Endowment Fund (continued)**

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The policy states that the future growth of the Endowment Fund should be sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the Endowment Fund for future generations. In establishing this policy, the Foundation considered liquidity and the long-term expected investment return of its endowment fund. The endowment contract stipulates that 20% of the net income from the funds will be included in the permanently restricted net assets, and the other 80% can be spent as needed by the Foundation.

Endowment net asset composition by type of fund as of June 30, 2025 and 2024, was as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
	Purpose	In Perpetuity		
<b>As of June 30, 2025</b>				
<b>Donor-restricted endowment funds</b>	<b>\$ 70,000</b>	<b>\$ 395,796</b>	<b>\$ 1,198,652</b>	<b>\$ 1,664,448</b>
<b>As of June 30, 2024</b>				
Donor-restricted endowment funds	\$ 120,000	\$ 261,362	\$ 1,165,045	\$ 1,546,407

Changes in endowment net assets for the year ended June 30, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
	Purpose	In Perpetuity		
Endowment net assets, beginning of year	\$ 120,000	\$ 261,362	\$ 1,165,045	\$ 1,546,407
Investment return:				
Interest and dividends	-	22,431	5,608	28,039
Unrealized gain	-	100,906	25,226	126,132
Realized gain	-	22,699	5,675	28,374
Investment fees	-	(11,602)	(2,902)	(14,504)
Total change in beneficial interest in resulting from investment activity	-	134,434	33,607	168,041
Withdrawals	(50,000)	-	-	(50,000)
Appropriation of endowment assets for expenditure	-	-	-	-
Net change in beneficial interest	(50,000)	134,434	33,607	118,041
Endowment net assets, end of year	<b>\$ 70,000</b>	<b>\$ 395,796</b>	<b>\$ 1,198,652</b>	<b>\$ 1,664,448</b>

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

## ***Notes to the Financial Statements***

***June 30, 2025 and 2024***

### **Note 10 – Endowment Fund (continued)**

Changes in endowment net assets for the year ended June 30, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$ 120,000	\$ 129,850	\$ 1,132,166	\$ 1,382,016
Investment return:				
Interest and dividends	-	23,293	5,823	29,116
Unrealized gain	-	89,962	22,490	112,452
Realized gain	-	27,159	6,790	33,949
Investment fees	-	(8,902)	(2,224)	(11,126)
Total change in beneficial interest in resulting from investment activity	-	131,512	32,879	164,391
Withdrawals	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Net change in beneficial interest	-	131,512	32,879	164,391
Endowment net assets, end of year	<u>\$ 120,000</u>	<u>\$ 261,362</u>	<u>\$ 1,165,045</u>	<u>\$ 1,546,407</u>

### **Note 11 – Leasing Arrangements**

The Foundation leases TV and microwave towers, air space, and a billboard under noncancelable operating leases that expire on various dates through 2035. The leases require fixed lease payments, plus subsequent adjustments based on the prior year's consumer price index. For the years ended June 30, 2025 and 2024, the Foundation recognized antenna income of \$ 416,318 and \$ 413,072 , respectively.

The following is a summary of minimum future rental income under noncancelable operating leases:

<u>Year ending June 30.</u>	<u>Amount</u>
2026	\$ 331,091
2027	331,091
2028	319,091
2029	255,741
2030	253,487
Thereafter	<u>253,487</u>
Total	<u>\$ 1,743,988</u>

# MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

*Notes to the Financial Statements*

*June 30, 2025 and 2024*

## Note 12 – Retirement Plan

The Foundation has a defined contribution plan for the benefit of all employees with six months and 1,000 hours of service. The Foundation's contribution to the plan is based upon three percent of eligible employees' compensation.

## Note 13 – Availability of Resources and Liquidity

As part of its ongoing liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2025 and 2024, the Foundation's current unrestricted financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 895,936	\$ 273,046
Accounts receivable	55,790	99,629
Bequests receivable	53,391	69,191
Investments	10,787,743	5,210,566
Beneficial interest in endowment	1,664,448	1,546,407
Total financial assets	<u>13,457,308</u>	<u>7,198,839</u>
Amounts not available to be used within one year:		
Donor-restricted endowment funds	(1,594,448)	(1,426,407)
Net assets with purpose restriction	(671,958)	(671,958)
Board designated endowment funds	(70,000)	(120,000)
Financial assets not available to be used within one year	<u>(2,336,406)</u>	<u>(2,218,365)</u>
Financial assets available to meet general expenditures within one year	<u>\$11,120,902</u>	<u>\$ 4,980,474</u>

## Note 14 – Restatement

During the year ended June 30, 2025, management identified an error in the investments for the year ended June 30, 2024. Specifically, \$1,546,407 was incorrectly included in investments, rather than broken out into a beneficial interest in endowment on the statement of financial position. In addition, the change in beneficial interest was reported as components of investment income rather than being disclosed separately. These errors were corrected in the current year by restating the prior year's financial statements.