

EDUCATIONAL BROADCASTING FOUNDATION, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended July 31, 2025

EDUCATIONAL BROADCASTING FOUNDATION, INC.

Year Ended July 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Educational Broadcasting Foundation, Inc.
Metairie, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Educational Broadcasting Foundation, Inc. (the "Corporation") (non-profit corporation), which comprise the statement of financial position as of July 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of July 31, 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 and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Going Concern

As discussed in Note 0 to the financial statements, the Corporation's total liabilities exceed its total assets, and the Corporation has significant long-term debt due in future years. These conditions raise substantial doubt about the Corporation's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 0. Our opinion is not modified with respect to this matter.

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.

**Board of Trustees
Educational Broadcasting Foundation, Inc.**

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

**Board of Trustees
Educational Broadcasting Foundation, Inc.**

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer with Public Funds is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer with Public Funds is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Corporation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2025, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Paciera, Gautreau, & Priest, LLC

Metairie, Louisiana
November 11, 2025

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2025
(With Summarized Financial Information
at July 31, 2024)

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 626,638	\$ 754,624
Accounts receivable, net	14,987	32,496
Promises to give, net	13,900	85,672
Prepaid expenses	63,342	54,344
Inventory	<u>0</u>	<u>1,862</u>
<i>Total Current Assets</i>	<u>718,867</u>	<u>928,998</u>
<u>PROPERTY AND EQUIPMENT</u>		
Automotive and mobile units	61,388	61,388
Broadcasting equipment	2,329,258	2,234,605
Furniture and fixtures	2,615	2,615
Production equipment	385,255	381,255
Tools and other equipment	<u>131,397</u>	<u>131,397</u>
<i>Total Property and Equipment</i>	2,909,913	2,811,260
Less: Accumulated depreciation	<u>2,028,158</u>	<u>1,854,414</u>
<i>Net Property and Equipment</i>	<u>881,755</u>	<u>956,846</u>
<u>OTHER ASSETS</u>		
Investment in joint venture	<u>233,456</u>	<u>116,713</u>
<i>Total Other Assets</i>	<u>233,456</u>	<u>116,713</u>
<i>Total Assets</i>	<u>\$1,834,078</u>	<u>\$2,002,557</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 37,024	\$ 56,907
Accrued expenses	50,298	52,781
Deferred revenue	<u>12,000</u>	<u>0</u>
<i>Total Current Liabilities</i>	<u>99,322</u>	<u>109,688</u>
<u>LONG-TERM LIABILITIES</u>		
Notes payable to related party	<u>2,998,939</u>	<u>2,798,939</u>
<i>Total Long-Term Liabilities</i>	<u>2,998,939</u>	<u>2,798,939</u>
<i>Total Liabilities</i>	<u>3,098,261</u>	<u>2,908,627</u>
<u>NET ASSETS</u>		
Without donor restrictions	(1,516,332)	(1,447,669)
With donor restrictions	<u>252,149</u>	<u>541,599</u>
<i>Total Net Assets (Deficit)</i>	<u>(1,264,183)</u>	<u>(906,070)</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,834,078</u>	<u>\$2,002,557</u>

The accompanying notes are an integral
part of these financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2025
(With Summarized Financial Information
Year Ended July 31, 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
<u>OPERATING REVENUES, GAINS (LOSSES), AND OTHER SUPPORT</u>		
Contributions:		
Willwoods Community	\$ 422,266	\$ 0
Other	45,773	0
Underwriting contributions	101,725	115,765
Special event income	1,950	0
Grants:		
Corporation for Public Broadcasting	554,017	0
State of Louisiana	300,000	0
Creative services income	85,288	0
Miscellaneous income	31,617	0
Recovery of previously written off receivables	0	0
Investment return, net	22,793	0
(Loss) from joint venture	(39,975)	0
In-kind contributions	261,574	0
(Loss) on disposal of fixed assets	0	0
Net assets released from restrictions	<u>405,215</u>	<u>(405,215)</u>
 <i>Total Operating Revenues, Gains (Losses), and Other Support</i>	 <u>2,192,243</u>	 <u>(289,450)</u>
<u>OPERATING EXPENSES</u>		
Program Services:		
Creative services	226,222	0
Programming and production	1,000,897	0
Broadcasting	523,948	0
Supporting Services:		
Fund-raising and development	86,313	0
Management and general	<u>423,526</u>	<u>0</u>
 <i>Total Operating Expenses</i>	 <u>2,260,906</u>	 <u>0</u>
Change in Net Assets from Operations	(68,663)	(289,450)
 CHANGE IN NET ASSETS		
Net Assets (Deficit) -		
Beginning of year	<u>(1,447,669)</u>	<u>541,599</u>
End of year	<u>\$ (1,516,332)</u>	<u>\$ 252,149</u>

The accompanying notes are an integral
part of these financial statements.

<u>Total</u> <u>2025</u>	<u>Total</u> <u>2024</u>
\$ 422,266	\$ 282,266
45,773	45,490
217,490	499,069
1,950	35,740
554,017	500,929
300,000	300,000
85,288	106,115
31,617	20,215
0	5,000
22,793	40,172
(39,975)	(33,479)
261,574	146,537
0	(4,529)
<u>0</u>	<u>0</u>
<u>1,902,793</u>	<u>1,943,525</u>
226,222	247,408
1,000,897	1,164,994
523,948	503,095
86,313	78,453
<u>423,526</u>	<u>466,861</u>
<u>2,260,906</u>	<u>2,460,811</u>
(358,113)	(517,286)
<u>(906,070)</u>	<u>(388,784)</u>
\$ <u>(1,264,183)</u>	\$ <u>(906,070)</u>

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2025
(With Summarized Financial Information Year Ended July 31, 2024)

	<u>Program Services</u>		
	<u>Creative Services</u>	<u>Programming and Production</u>	<u>Broadcasting</u>
Advertising	\$ 0	\$ 3,609	\$ 0
Advertising, in-kind	0	91,200	0
Automotive and travel	1,450	2,134	699
Bad debt expense	0	0	0
Credit losses	0	0	0
Depreciation	0	14,390	158,832
Dues and subscriptions	425	425	0
Fringe benefits	27,552	65,031	23,413
Gifts and donations	0	0	0
Insurance	3,261	9,095	29,396
Interest	0	0	0
Maintenance	1,146	3,648	29,527
Miscellaneous	0	1,016	0
Moving expenses	0	0	109
Office supplies	1,077	4,528	1,273
Payroll taxes	8,521	22,097	8,520
Postage and shipping	1	94	1,427
Professional development	180	27,001	0
Professional services	47,831	301,774	32,138
Program purchases and license fees	0	27,900	35,856
Rent	84	308	4,538
Rent, in-kind	24,278	77,946	34,075
Salaries and commissions	108,754	296,358	112,940
Supplies	372	48,387	8,242
Telephone	1,290	3,956	481
Tower depreciation	0	0	7,694
Unemployment benefits	0	0	0
Utilities	0	0	34,788
<i>Total Expenses</i>	<u>\$226,222</u>	<u>\$1,000,897</u>	<u>\$523,948</u>

The accompanying notes are an integral
part of these financial statements.

Supporting Services

<u>Fund-raising and Development</u>	<u>Management and General</u>	<u>Total 2025</u>	<u>Total 2024</u>
\$ 3,652	\$ 850	\$ 8,111	\$10,031
0	0	91,200	98,790
126	1,674	6,083	8,231
0	0	0	2,250
0	0	0	1,150
0	523	173,745	175,106
0	987	1,837	1,647
8,892	18,721	143,609	141,523
0	4,416	4,416	6,812
886	7,474	50,112	57,295
0	197,981	197,981	195,926
566	4,466	39,353	41,139
0	9,639	10,655	13,217
0	1,668	1,777	21,506
712	730	8,320	10,671
3,319	5,038	47,495	51,200
195	529	2,246	1,669
103	13	27,297	31,140
6,754	77,785	466,282	653,625
0	50	63,806	64,022
89	0	5,019	4,965
12,778	21,297	170,374	47,747
43,805	65,987	627,844	715,394
1,773	36	58,810	27,899
2,663	2,012	10,402	26,038
0	0	7,694	7,643
0	1,650	1,650	0
0	0	34,788	44,175
<u>\$86,313</u>	<u>\$423,526</u>	<u>\$2,260,906</u>	<u>\$2,460,811</u>

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2025
(With Summarized Financial Information
Year Ended July 31, 2024)

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (358,113)	\$ (517,286)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	173,745	175,106
Tower depreciation	7,694	7,643
Bad debts	0	2,250
Credit losses	0	1,150
Inventory write-off	1,862	0
Loss on disposal of fixed assets	0	4,529
Loss from joint venture	39,975	33,479
Net decrease in accounts receivables, promises to give, prepaid expenses, and deposits	80,283	130,472
Net (decrease) in accounts payable and accrued expenses	(22,366)	(35,804)
Increase in deferred revenue	<u>12,000</u>	<u>0</u>
Net Cash (Used for) Operating Activities	<u>(64,920)</u>	<u>(198,461)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Sale of investments	0	756,956
Purchase of property and equipment	(98,654)	(28,552)
Advances to joint venture	<u>(164,412)</u>	<u>(36,896)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(263,066)</u>	<u>691,508</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from note payable to related party	<u>200,000</u>	<u>0</u>
Net Cash Provided by Financing Activities	<u>200,000</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(127,986)	493,047
Cash and Cash Equivalents -		
Beginning of Year	<u>754,624</u>	<u>261,577</u>
End of Year	<u>\$ 626,638</u>	<u>\$ 754,624</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid during the year for -		
Interest	\$ <u>805</u>	\$ <u>0</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

The accompanying notes are an integral
part of these financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

A. General Information

Organization

Educational Broadcasting Foundation, Inc. (the "Corporation") was incorporated during 1981 in the State of Louisiana as a non-profit corporation to own and operate a non-commercial public television station (WLAE-TV in New Orleans).

As part of a letter agreement dated May 3, 1994, Willwoods Community entered into a cooperative endeavor on June 15, 1995 with the Louisiana Educational Television Authority (LETA). For one-half of the voting membership, one-half of the representation on the Board of Educational Broadcasting Foundation, and one-half of the fixed assets of Educational Broadcasting Foundation, Inc. Willwoods Community retained the other one-half.

B. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

The financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP). GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows.

Net Assets Without Donor Restrictions

Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions

Assets subject to usage limitations based on donor-imposed or grantor requirements. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may be needed to be maintained in perpetuity.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended July 31, 2024, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the *Statement of Cash Flows*, the Corporation considers highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

The Corporation had no restricted cash at July 31, 2025.

Accounts Receivable and Contract Balance

The opening and closing balances of receivables from contracts with customers and contract assets and contract liabilities are as follows:

	<u>Beginning of Year</u>	<u>End of Year</u>
Receivables from contracts with, net	\$ <u>32,496</u>	\$ <u>14,987</u>
Contract assets	\$ <u>0</u>	\$ <u>0</u>
Contract liabilities	\$ <u>0</u>	\$ <u>12,000</u>

Allowance for Credit Losses

Using a current expected credit loss model, accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for expected credit losses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Net receivables are due within one year. The Corporation had the following activity for its allowance for credit losses for Accounts Receivable for the year ended July 31, 2025:

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

	<u>Accounts Receivable</u>
Beginning balance	\$ 0
Provision for expected credit losses	0
Write-offs	0
Recoveries	<u>0</u>
Ending balance	\$ <u>0</u>

Inventory

Inventory, consisting of CDs and DVDs, is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Allowance for Doubtful Promises to Give

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to Promises to give. Net Promises to give are due within one year. The allowance for doubtful accounts is \$0 at July 31, 2025.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful life of the assets, which range from five to ten years. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

The Corporation has adopted a policy of capitalizing property and equipment with a cost of greater than \$2,500.

Investment Return, Net

Investment return is reported net of external and direct internal investment expenses.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

Investment income and gains with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Contributions

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a time restriction expires or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the contributions are recognized.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donations of facilities are recorded as contributions at fair value at date of donation. Donated facilities are valued and reported at estimated fair value in the financial statements based on current rates for similar facilities. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the use of the donated facility to a specific purpose.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Donated

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

services are valued and reported at estimated fair value in the financial statements based on current rates for similar services.

Revenue Recognition - ASC 606

The Corporation recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Corporation expects to receive in exchange for those goods or services.

The Corporation's primary revenue from contracts with customers consists of Creative Services income, which includes program production and related services. Revenue is recognized at a point in time, when the program is delivered and accepted by the customer, which satisfies the Corporation's performance obligation.

The Corporation does not have significant contract modifications, variable consideration, or multiple performance obligations. Contract assets and liabilities are disclosed in the *Statement of Financial Position* as Accounts Receivable and Deferred Revenue, respectively.

For the year ended July 31, 2025, all revenue from contracts with customers was earned and recognized at a point in time. The Corporation does not have material contract balances at year-end, and there were no significant judgments affecting the timing or amount of revenue recognized.

Licensed Program Rights

Program series and other syndicated products are recorded at the lower of unamortized cost, based on the gross amount of the related liability, or estimated net realizable value. These programs and products are amortized on a straight-line basis over the period of the license agreement. The unamortized cost of \$14,345 at July 31, 2025 is included in *Prepaid expenses* in the financial statements.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

Salaries, payroll taxes, group insurance, automobile, and cell phone expenses are allocated based on estimates of time and effort of individual employees.

Office supplies, retirement expenses, computer maintenance contracts, office telephone, workers compensation insurance, and office rent are allocated based on full-time equivalent employees.

General liability and umbrella insurance expenses are allocated based on salaries expense.

Management fees paid to Willwoods Community are allocated 20% to Creative Services, 15% to Programming and Production, 10% to Broadcasting, 5% to Fund-raising and Development, and 50% to Management and General, based on services received.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

Commissions - Independent Consultants

The Corporation has agreements with independent consultants to solicit and acquire funds for program underwriting and other activities related to public broadcasting. The agreements provide for payment of commissions to the consultants based on varying percentages of funds received.

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB has historically distributed annual Community Service Grants (CSGs) to qualifying public telecommunications entities, including the Corporation. These grants have been used to augment the financial resources of public broadcasting stations and thereby enhance the quality of programming and expand the scope of public broadcasting services.

However, in August 2025, CPB announced that federal funding for public broadcasting will be discontinued beginning with the federal fiscal year 2026. As a result, the Corporation will not receive CPB funding for the fiscal year ending July 31, 2026 or thereafter. This change represents a significant shift in funding availability and may materially affect future operations.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
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Management is actively pursuing alternative sources of funding to offset the loss of CPB support.

Prior to the termination, each CSG was subject to general provisions regarding use of funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission. These grants were typically expended over one or two federal fiscal years, as described in the Communications Act, 47 U.S.C. §396(k)(7).

Income Tax

The Corporation operates as a non-profit Corporation pursuant Section 501(c)(3) of the Internal Revenue Code. As such, the Corporation is subject to income tax only on unrelated business taxable income (UBIT).

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of July 31, 2025, management of the Corporation believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended July 31, 2022 and later remain subject to examination by the taxing authorities.

Due to unrelated business income net operating loss carry-forwards, the Corporation did not have to make any provision for income taxes for the year ended July 31, 2025. For the year ended July 31, 2025, the Corporation generated a net operating loss of \$127,238 for UBIT. The net operating losses carried forward at July 31, 2025 was \$2,080,409.

Leases

The Corporation follows ASC 842, Leases. As of July 31, 2025, the Corporation determined that it does not have any lease arrangements requiring recognition of right-of-use (ROU) assets or lease liabilities. All lease arrangements are either short-term or low-value and are expensed as incurred. The adoption of ASC 842 did not have a material impact on the Corporation's financial statements.

Subsequent Events

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

Subsequent events have been evaluated through November 11, 2025, which is the date the financial statements were available to be issued.

C. Property and Equipment

Certain major items of property and equipment were acquired with grants from governmental agencies. These agencies retain a reversionary interest in the assets for a period of years following the grant award. Management has not separately quantified the net book value of assets subject to reversionary interest, but believes the amount is not material to the financial statements.

These assets are depreciated over their estimated useful lives in accordance with the Corporation's capitalization policy. Management monitors compliance with grant terms to ensure continued use in accordance with the original purpose.

Depreciation expense of \$173,745 is included in program and supporting services for the year ended July 31, 2025.

D. Investment in Joint Venture - Programmatic Investment

The Corporation, Radio WRNO-FM, Inc., WNOE, Inc., and Audacy, Inc. each have a twenty-five percent interest in a joint venture formed to construct and operate a transmission tower, Bayou Bienvenue Tower. This investment is accounted for using the equity method, in which the Corporation's share of excess (deficient) revenue over expenses from the joint venture is directly reflected in the financial statements, and the investment is adjusted for its share of excess (deficient) revenue over expenses and any additional investment in the joint venture. The following information summarizes the activity of the joint venture through December 31, 2024:

Total assets	\$1,975,187
Less: Total liabilities	<u>0</u>
Net assets	<u>\$1,975,187</u>
Revenue	\$ 71,737
Expenses	<u>231,637</u>
Excess (expenses) over revenue	<u>\$ (159,900)</u>
Corporate interest:	
Share of net (expenses) over revenue	\$ (39,975)

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

Depreciation of Educational Broadcasting Foundation's portion of the joint venture's depreciable assets	<u>(7,694)</u>
Total excess (expenses) over revenue	\$ <u>(47,669)</u>
Equity in net assets (including depreciation)	\$ 76,018
Net advance to Joint Venture	<u>157,438</u>
Net advances and equity in joint venture	\$ <u>233,456</u>

The Corporation has evaluated its investment in the Bayou Bienvenue Tower joint venture for impairment and determined that no impairment indicators exist as of July 31, 2025.

E. Promises to give, net

Unconditional promises to give at July 31, 2025 are as follows:

Promises to give:

Receivable in less than one year	\$13,900
Receivable in one to five years	0
Receivable in more than five years	<u>0</u>
	13,900
Less allowance for uncollectible promises	0
Less discounts	<u>0</u>
Promises to give, net	\$ <u>13,900</u>

The table below presents information about the changes in unconditional promises to give (net) for the year ended July 31, 2025:

Beginning balance	\$ 85,672
New promises received	261,313
Collections	(333,085)
Recovery of previously written off amounts	0
Adjustment to provision for bad debt	0
Write-offs	<u>0</u>
Ending Balance	\$ <u>13,900</u>

F. Notes Payable to Related Party

As of July 31, 2025, the Corporation is obligated under two promissory notes with related parties:

1. Willwoods Community: On August 1, 2023, the Corporation renewed a promissory note with Willwoods Community in the amount of \$2,798,939, accruing interest at a fixed rate of 7% per annum,

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

maturing July 31, 2028. During the year ended July 31, 2025, the Corporation made no payments toward principal or interest. Willwoods Community forgave \$195,926 of interest expense, which is reflected in the *Statement of Activities*.

2. Willwoods Community Management, Inc.: On July 1, 2025, the Corporation entered into a new promissory note for \$200,000 to fund its portion of expenses related to the Bayou Bienvenue Tower joint venture. The note is interest-free, payable in full on the earlier of December 1, 2026 or the date of sale of the tower. Imputed interest of \$1,250 (calculated at 7.5% per annum) is included in Contributions - Other.

The aggregate maturities of long-term debt are as follows:

Fiscal year ended July 31,

2026	\$ 0
2027	200,000
2028	2,798,939
Thereafter	<u>0</u>
	<u>\$2,998,939</u>

G. Related-Party Transactions

The Corporation engages in various transactions with related entities, including Willwoods Community and Willwoods Community Management, Inc., which share common management and governance with the Corporation.

During the year ended July 31, 2025:

The Corporation received \$21,878 from Willwoods Community for creative services.

Willwoods Community donated \$226,340 in cash and provided \$170,374 in donated office space, recorded as in-kind contributions.

Underwriting contributions totaled \$50,300 from Willwoods Community and \$12,000 from Willwoods Community Management, Inc.

The Corporation paid \$102,528 in management fees to Willwoods Community.

Receivables from Willwoods Community and Willwoods Community Management, Inc. totaled \$2,742 and \$1,114, respectively, at year-end.

See Note F for related-party debt disclosures and Note D for joint venture arrangements with related parties.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

The Joint Venture disclosed in Note D has a management agreement with the Corporation. Fees received during 2024 totaled \$18,000.

H. In-Kind Contributions

Contributed services received and provided were recorded as revenue and expenses accordingly, in the *Statement of Activities* at the fair value of the support. Donated services and facilities are valued at their estimated fair value based on current market rates for similar services or space.

No amounts have been reflected in the financial statements for volunteer services. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation with campaign solicitations and various committee assignments.

In-kind contributions, received and provided for the year ended July 31, 2025 consisted of the following:

Advertising	\$ 91,200
Rent	<u>170,374</u>
Total	<u>\$261,574</u>

The in-kind advertising was used in the programming and production program. The in-kind rent was used in all programs and supporting services.

I. Employee Benefits

The Corporation offers a profit-sharing and 401(k) plan through Willwoods Community to its employees. Employees electing to participate in the plan may elect to contribute the maximum allowed by law. The Corporation may elect to contribute a discretionary employer contribution.

The Plan administrator is Willwoods Community, and the Plan Trustee is Ron Yager. Employer contributions to the plan during the year ended July 31, 2025 were \$20,261. In addition, the Corporation contributed \$11,254 for supplemental retirement benefits for key employees.

There were no significant changes to the plan or contribution policies during the year ended July 31, 2025.

J. Concentration of Credit Risk

The Corporation extends unsecured credit to its customers, a significant portion of whom are in the broadcasting business. Financial instruments that potentially subject the Corporation to credit risk include these accounts, which are shown in the

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

financial statements as Accounts Receivable and Promises to Give.

The Corporation maintains its cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At July 31, 2025 the Corporation's uninsured cash balances totaled \$327,660.

K. Concentration of Support and Revenue

The Corporation received approximately 34% of its annual revenue from related parties.

The Corporation received approximately 29% of its annual revenue from the Corporation for Public Broadcasting.

The Corporation received Community Service Grants (CSGs) from the Corporation for Public Broadcasting (CPB) totaling \$554,017 and \$500,929 for the years ended July 31, 2025 and 2024, respectively, representing approximately 29% and 34% of total annual revenue. These grants have historically supported programming and production activities.

In August 2025, CPB announced that federal funding for public broadcasting will be discontinued beginning with the federal fiscal year 2026. As a result, the Corporation will not receive CPB funding for the fiscal year ending July 31, 2026 or thereafter. Management is actively pursuing alternative sources of funding, including increased underwriting, community support, and foundation grants, to mitigate the impact of this loss.

For the year ending July 31, 2025, the Corporation received \$300,000 in funding from the State of Louisiana, representing about 16% of its annual revenue. This level of support may not continue in future periods.

L. Special Event Expense

The Corporation held no major special events during the year ended July 31, 2025. However, the Corporation received \$1,950 from a minor special event held during the year.

The Corporation reports special event revenues and expenses on a net basis in the Statement of Activities, as the events are considered peripheral and incidental to its primary mission. No direct costs were incurred during the year.

M. Restrictions on Net Assets

At July 31, 2025, net assets with donor restrictions totaling \$252,149 relate to underwriting contributions whose donors have

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

restricted their funding for a specific program production. The donor's restriction is met once the program has been produced and aired.

During 2025, \$405,215 was released from restrictions due to the satisfaction of donor restrictions.

N. Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of July 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial Assets	\$888,981
Less: Cash and Promises to Give unavailable for general expenditures	(252,149)
Investment in Joint Venture	(<u>233,456</u>)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>403,376</u>

As part of its liquidity management, the Corporation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

O. Going Concern

As shown in the accompanying financial statements, the Corporation's total liabilities exceed its total assets by \$1,264,183 as of July 31, 2025. This includes long-term debt of \$2,798,939 held by Willwoods Community, a related party, which is due on July 31, 2028. The continued losses, negative operating cash flows, and expected decrease in CPB funding adds additional concerns.

Management has evaluated whether conditions or events raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date the financial statements are available to be issued. Although these conditions initially raised substantial doubt, management believes that such doubt is alleviated by the continued support of Willwoods Community. Willwoods Community has indicated its intention to forgive interest and extend the maturity of the related party debt if necessary.

Accordingly, management believes the Corporation will be able to meet its obligations as they become due during the twelve months following the issuance of the financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2025

P. Commitment

During the year ended July 31, 2025, the joint venture entered into a contract for capital improvement for \$824,006. The Corporation committed to funding \$206,001, equal to 25% of the total cost, through capital contributions to the joint venture. As of July 31, 2025, the Corporation has contributed \$126,517. The Corporation remains committed to contribute the remaining \$79,484.

SUPPLEMENTARY INFORMATION

EDUCATIONAL BROADCASTING FOUNDATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER WITH PUBLIC FUNDS
YEAR ENDED JULY 31, 2025

Agency Head: Ron Yager, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$35,360
Benefits	5,880
Per Diem	0
Travel	0
Other	0
	<u>\$41,240</u>

PACIERA, GAUTREAU & PRIEST, LLC
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MEMBERS OF
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SOCIETY OF LOUISIANA

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Educational Broadcasting Foundation, Inc.
Metairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Educational Broadcasting Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 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, and have issued our report thereon dated November 11, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in

**Board of Trustees
Educational Broadcasting Foundation, Inc.**

internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Educational Broadcasting Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Metairie, Louisiana
November 11, 2025