

Public Telecommunications Entities Operated by Boston University (also known as WBUR)

**Special-Purpose Financial Statements
June 30, 2024 and 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Boston University:

Report on the Audit of the Special-Purpose Financial Statements

Opinion

We have audited the special-purpose financial statements of the Public Telecommunications Entities Operated by Boston University (also known as “WBUR”), which comprise the special-purpose statements of financial position as of June 30, 2024 and 2023, and the related special-purpose statements of activities and cash flows for the years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the financial position of WBUR as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements section of our report. We are required to be independent of WBUR 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.

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WBUR ability to continue as a going concern for one year after the date that the special-purpose financial statements are issued.

Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 special-purpose 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 special-purpose 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 special-purpose 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 WBUR'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 special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WBUR'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.

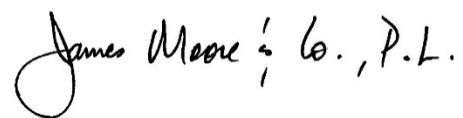
Emphasis of Matter

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 1 to the special-purpose financial statements, the special-purpose financial statements are prepared by WBUR for the purpose of complying with the Annual Financial Report requirements of the Corporation for Public Broadcasting. Furthermore, WBUR is a department of Boston University, and therefore, these special-purpose financial statements have been prepared on a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the Corporation for Public Broadcasting. As a result, the financial statements may not be suitable for another purpose. Due to the nature and significance of transactions between WBUR and Boston University, the financial position, changes in net assets and cash flows may not be indicative of the results which would have been attained if WBUR had operated independently of Boston University. Our opinion is not modified with respect to these matters.

Purpose of Report – Restriction of Use

Our report is intended solely for the information and use of the Board of Trustees of Boston University, management of WBUR and Boston University and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

Gainesville, Florida
January 14, 2025



WBUR
Special-Purpose Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Accounts receivable, net	\$ 4,271,992	\$ 3,445,169
Prepaid expenses and other assets	438,926	442,062
Pledges receivable (note 4)	-	32,550
Long-term investments (note 3)	210,994	199,809
Beneficial interest in perpetual trust (note 3)	2,367,881	2,029,735
Due from Boston University, net (notes 1 and 6)	5,430,729	10,762,960
Funds held and invested by Boston University on behalf of the Station (notes 3 and 6)	12,321,768	11,668,581
Property and equipment, net (note 5)	8,325,128	8,653,536
Intangible assets	781,987	781,987
Right-of-use assets - operating leases (note 8)	3,204,051	3,711,584
Total assets	<u>\$ 37,353,456</u>	<u>\$ 41,727,973</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 944,323	\$ 1,205,043
Operating lease obligations (note 8)	3,563,367	4,071,812
Deferred revenue	979,049	957,645
Total liabilities	<u>5,486,739</u>	<u>6,234,500</u>
Net assets		
Without donor restrictions	15,847,776	20,435,027
With donor restrictions	16,018,941	15,058,446
Total net assets	<u>31,866,717</u>	<u>35,493,473</u>
Total liabilities and net assets	<u>\$ 37,353,456</u>	<u>\$ 41,727,973</u>

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

WBUR
Special-Purpose Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Operating			
Revenues			
Gifts	\$ 19,479,894	\$ -	\$ 19,479,894
Grants	1,379,725	46,581	1,426,306
Sponsored programs and grants	448,028	-	448,028
Donated facilities and administrative support from Boston University	522,977	-	522,977
Underwriting	9,246,307	-	9,246,307
Trade	1,584,552	-	1,584,552
Program syndication and other fees	3,593,119	-	3,593,119
Other income	2,639,662	-	2,639,662
Contributions used for operations	3,575,050	-	3,575,050
Total revenues	<u>42,469,314</u>	<u>46,581</u>	<u>42,515,895</u>
Expenses			
Program Services			
Programming and production	23,598,552	-	23,598,552
Engineering and technical	3,453,149	-	3,453,149
Digital media	3,673,911	-	3,673,911
Supporting Services			
Fundraising	5,140,797	-	5,140,797
Underwriting	4,276,452	-	4,276,452
Marketing and promotion	4,279,300	-	4,279,300
General and administrative	3,385,937	-	3,385,937
Total expenses	<u>47,808,098</u>	<u>-</u>	<u>47,808,098</u>
Change in net assets from operating activities	<u>(5,338,784)</u>	<u>46,581</u>	<u>(5,292,203)</u>
Nonoperating			
Capital campaign contributions	-	4,139,633	4,139,633
Contributions used for operations	-	(3,575,050)	(3,575,050)
Investment return	751,533	11,185	762,718
Change in value of beneficial interest in perpetual trust	-	338,146	338,146
Change in net assets from nonoperating activities	<u>751,533</u>	<u>913,914</u>	<u>1,665,447</u>
Total change in net assets	<u>(4,587,251)</u>	<u>960,495</u>	<u>(3,626,756)</u>
Net assets			
Beginning of year, as restated per Note 11	<u>20,435,027</u>	<u>15,058,446</u>	<u>35,493,473</u>
End of year	<u>\$ 15,847,776</u>	<u>\$ 16,018,941</u>	<u>\$ 31,866,717</u>

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

WBUR
Special-Purpose Statements of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Operating			
Revenues			
Gifts	\$ 16,803,802	\$ -	\$ 16,803,802
Grants	1,677,481	-	1,677,481
Sponsored programs and grants	535,230	-	535,230
Donated facilities and administrative support from Boston University	1,195,492	-	1,195,492
Underwriting	10,356,668	-	10,356,668
Trade	1,086,641	-	1,086,641
Program syndication and other fees	3,344,605	-	3,344,605
Other income	1,990,285	-	1,990,285
Contributions used for operations	2,741,433	-	2,741,433
Total revenues	39,731,637	-	39,731,637
Expenses			
Program Services			
Programming and production	23,032,136	-	23,032,136
Engineering and technical	2,229,593	-	2,229,593
Digital media	3,296,351	-	3,296,351
Supporting Services			
Fundraising	4,718,613	-	4,718,613
Underwriting	3,713,869	-	3,713,869
Marketing and promotion	4,011,396	-	4,011,396
General and administrative	5,135,430	-	5,135,430
Total expenses	46,137,388	-	46,137,388
Change in net assets from operating activities	(6,405,751)	-	(6,405,751)
Nonoperating			
Capital campaign contributions	-	1,819,476	1,819,476
Contributions used for operations	-	(2,741,433)	(2,741,433)
Investment return	184,411	1,398	185,809
Change in value of beneficial interest in perpetual trust	-	78,167	78,167
Change in net assets from nonoperating activities	184,411	(842,392)	(657,981)
Total change in net assets	(6,221,340)	(842,392)	(7,063,732)
Net assets			
Beginning of year, as restated per Note 11	26,656,367	15,900,838	42,557,205
End of year	\$ 20,435,027	\$ 15,058,446	\$ 35,493,473

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

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Special-Purpose Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (3,626,756)	\$ (7,063,732)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,668,781	1,643,329
Amortization of right-of-use assets - operating leases	507,533	370,929
Realized and unrealized gain on investments, net	(11,185)	(1,398)
Investment return from the Boston University endowment	(653,187)	(81,643)
Receipt of noncash contributions	463,593	(173,560)
Proceeds from sales of marketable securities	(463,593)	173,560
Change in value of beneficial interest in perpetual trust	(338,146)	(78,167)
Change in allowance for bad debt, net of recoveries	15,275	-
Change in allowance for unfulfilled pledges	(2,450)	(65,122)
Changes in operating assets and liabilities:		
Change in accounts receivable	(842,098)	17,523
Change in prepaid expenses and other assets	3,136	17,789
Change in pledges receivable	35,000	930,314
Change in due from Boston University	5,332,231	5,282,205
Change in accounts payable and accrued expenses	(571,287)	(81,372)
Change in operating lease obligations	(508,445)	(466,282)
Change in deferred revenue	21,404	172,527
Net cash provided by operating activities	<u>1,029,806</u>	<u>596,900</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(1,029,806)</u>	<u>(596,900)</u>
Net cash used in investing activities	<u>(1,029,806)</u>	<u>(596,900)</u>
Net change in cash	-	-
Cash at beginning of year	-	-
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of noncash information		
Property and equipment included in accounts payable	\$ 310,567	\$ -

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

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Notes to Special-Purpose Financial Statements

June 30, 2024 and 2023

1. Accounting Policies

The following is a summary of the significant accounting policies of the Public Telecommunications Entities Operated by Boston University (also known as "WBUR").

Nature of Business and Relationship to Boston University

WBUR consists of WBUR-FM, Boston, Massachusetts, WBUA-FM, Tisbury, Massachusetts, and WBUH-FM, Brewster, Massachusetts. The Executive Committee of the Trustees of Boston University is the licensee for WBUR-FM, WBUA-FM, and WBUH-FM.

The Corporation for Public Broadcasting recognizes WBUR-FM, WBUA-FM, and WBUH-FM as affiliated stations.

Basis of Presentation

The accompanying special-purpose financial statements have been prepared on the accrual basis of accounting in accordance with the reporting principles of not-for-profit accounting, and were prepared for the purpose of complying with the Annual Financial Report requirements of the Corporation for Public Broadcasting. In addition, these special-purpose financial statements are presented in accordance with accounting principles generally accepted in the United States of America with the exception that WBUR is a department of Boston University (the "University") and does not represent a separate legal entity for financial reporting purposes. As such, WBUR shares in certain costs incurred by the University, including fringe benefits and pension costs. Additionally, some amounts due from the University are maintained as a portion of the University's endowment and WBUR receives an allocated portion of the endowment's earnings or losses.

Net Asset Classification

Net assets, revenues, and investment returns are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

- Net assets without donor restrictions are not subject to donor stipulations restricting their use, but may be designated for a specific purpose by WBUR or may be limited by contractual agreements with outside parties.
- Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

Cash

The financial policies of the University, under which WBUR operates, require that all cash be held centrally by the University. Liquidity and cash flow support is made available as needed by the University, as such, cash is not reported on these special-purpose financial statements.

Fair Value Measurements

WBUR reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item in accordance with fair value standards. Fair value is defined 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. Recurring fair value measurements include long-term investments and the beneficial interest in perpetual trust. Nonrecurring measurements include contributions receivable and trade transactions. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques)

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Notes to Special-Purpose Financial Statements

June 30, 2024 and 2023

to determine fair value. In addition, WBUR reports certain investments using the net asset value ("NAV") per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require WBUR to classify financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories, with Level 1 being the highest level of inputs:

Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 – unobservable inputs that are used when little or no market data is available.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The NAVs or their equivalents, as estimated and reported by the general partners or investment managers, are reviewed and evaluated by the University's Investment Office.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in value of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value at the date of contribution using Level 2 inputs to valuation. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and any gains and/or losses are reflected in the special-purpose statements of activities.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, as follows: leasehold improvements, 1-20 years, or lease term, if shorter; transmission equipment, 7-20 years; studio and other broadcast equipment, 5-10 years; internal use software, 5 years; and furniture and fixtures, 7 years.

Leasing

WBUR determines if an arrangement is a lease at inception. WBUR has leases under which it is obligated as a lessee. Operating leases as a lessee are included in right-of-use assets-operating leases and operating lease obligations in the special-purpose statements of financial position.

Right-of-use assets represent WBUR's right to use an underlying asset for the lease term. Lease obligations represent WBUR's liability to make lease payments arising from the lease. Operating

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Notes to Special-Purpose Financial Statements
June 30, 2024 and 2023

lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Intangible Assets

Intangible assets are recorded at cost, and consist of broadcast licenses for Tisbury, MA and Brewster, MA. Current intangibles have indefinite useful lives, and therefore are not amortized. WBUR's policy is to evaluate intangibles for indicators of impairment on an annual basis, at minimum. Management has determined that there is no impairment as of June 30, 2024 and 2023.

Revenue from Contracts with Customers

Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from underwriting, trade and program syndication is recognized when the underwriting or programs are broadcast. Payments or trade received in advance of the underwriting or program broadcast are reported as deferred revenue.

Gifts Revenue

Gifts, including unconditional promises to give and non-cash contributions, are recorded at fair value at the date when verifiably committed by the donor using Level 2 inputs to valuation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Corporation for Public Broadcasting ("CPB") Grants

Community service grants are received from the CPB. These grants are recognized within unrestricted revenues in "Grants" on the special-purpose statements of activities as the related expenses are incurred. Continued funding of these grants is dependent on WBUR's continued compliance with CPB's Annual Financial Reporting requirements.

Revenue from Sponsored Programs and Grants

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions or barriers under the agreements are met. WBUR has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Grant revenue used for the construction or acquisition of plant is reported within non-operating activities. All funds expended in connection with government grants and contracts are subject to audit by granting

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Notes to Special-Purpose Financial Statements

June 30, 2024 and 2023

agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on WBUR's financial position. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$448,028 and \$535,230 for the years ended June 30, 2024 and 2023, respectively.

Donated Facilities and Administrative Support from Boston University

WBUR is dependent on the University for a variety of administrative and financial needs. Donated facilities and administrative support are recorded at fair value using Level 3 inputs and represent broadcast radio antenna and transmitter space utilized by WBUR, as well as financial department costs and certain other expenses incurred by the University on behalf of WBUR (see Note 6).

Accounts Receivable

Trade

WBUR enters into trade (in-kind) transactions for products or services in exchange for program underwriting. Trade transactions are recorded at the estimated fair value of the product or service received using Level 2 inputs to valuation. Trade revenue is recorded when the program underwriting is broadcast. Trade expense is recorded when merchandise or services are received.

If the program underwriting occurs prior to receipt or use of merchandise or services, a receivable is recorded. If merchandise or services are received prior to program underwriting, deferred revenue is recorded.

Trade contributions included in the statements of activities for the years ended June 30, 2024 and 2023 are comprised of the following:

	2024	2023
Services	\$ 289,846	\$ 163,921
Local advertising	777,023	403,561
Promotional and fundraising	517,683	519,159
Total	<u>\$ 1,584,552</u>	<u>\$ 1,086,641</u>

Services recognized are comprised of professional services and are valued using the current rates of the firms. Local advertising is valued using the fair market of the contributed advertising. Promotional and fundraising trade is valued using the fair market of the items contributed.

In-kind contributions are not restricted. WBUR does not sell in-kind contributions and uses the contributed in-kind items in management and general activities.

Underwriting

WBUR enters into contracts with various third parties for underwriting of programs broadcast on WBUR's stations. All revenue is recorded at the time the underwriting is broadcast. Amounts received in advance of broadcasting are recorded as deferred revenue.

Allowance for Doubtful Accounts

On a regular basis, WBUR reviews the adequacy of its allowance for doubtful accounts based on historical collection results and current economic conditions using factors based on the aging of its accounts. In addition, WBUR estimates specific additional allowances based on indications that a

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Notes to Special-Purpose Financial Statements
June 30, 2024 and 2023

specific customer may be experiencing financial difficulties. The allowance for doubtful accounts was \$254,951 and \$239,676 at June 30, 2024 and 2023, respectively.

Program Syndication and Other Fees

WBUR has entered into agreements with National Public Radio (“NPR”) and American Public Media (“APM”) to distribute WBUR’s nationally syndicated programs “Here & Now” and “On Point,” respectively, to broadcast stations throughout the public radio system. Stations that elect to broadcast the programs pay an annual fee to NPR and APM. At the end of each calendar quarter, each distributes to WBUR a portion of the program fees collected. Each notifies WBUR of the amount to be transferred in advance which allows WBUR to record accounts receivable.

Accounts receivable, net and deferred revenue consist of the following at June 30:

	2024	2023	2022
Accounts receivable, net			
Trade	\$ 632,973	\$ 364,951	\$ 178,339
Underwriting	2,370,913	2,084,482	2,467,095
Program syndication and other	1,268,106	995,736	817,258
Total	<u>\$ 4,271,992</u>	<u>\$ 3,445,169</u>	<u>\$ 3,462,692</u>
Deferred revenue			
Trade	\$ 524,746	\$ 574,615	\$ 512,032
Underwriting	73,955	142,817	105,980
Grants	380,348	240,214	167,106
Total	<u>\$ 979,049</u>	<u>\$ 957,646</u>	<u>\$ 785,118</u>

Pledges Receivable

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. Pledges, net of discounts and allowances, are recorded as receivables with the revenue assigned to the appropriate net asset category. WBUR reviews the outstanding balances on individual pledges regularly and based on historic collection results and current economic conditions will record an allowance for doubtful pledges.

Beneficial Interest in Perpetual Trust

WBUR records its beneficial interest in perpetual trusts at fair value when such beneficial interests become irrevocable and WBUR has been informed of such trusts. The increase or decrease in the fair value of WBUR’s beneficial interest is recorded as an adjustment to net assets with donor restrictions and distributions received are included in investment income without donor restrictions.

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Notes to Special-Purpose Financial Statements

June 30, 2024 and 2023

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 year. Actual results could differ from those estimates.

Risks and Uncertainties

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values will occur in the near term and that such changes could materially affect the financial statements.

Tax Status

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of WBUR, management has concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

The University accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. WBUR has identified its tax status as a department of a tax exempt entity as its only significant tax position; however, WBUR has determined that such tax position does not result in an uncertainty requiring recognition. The University is not currently under examination by any taxing jurisdictions and the last three tax years are open for review.

Reclassifications

Certain prior year line items on the Special-Purpose Statements of Financial Position, Special-Purpose Statements of Activities, and Statements of Cash Flows were reclassified to conform to the current year’s presentation. These reclassifications had no impact on previously reported net position to change in net position

Subsequent Events

WBUR has evaluated subsequent events through January 14, 2025, the date the financial statements were issued.

2. Financial Assets and Liquidity Resources

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures, including operating expenses and scheduled principal payments on debt are as follows:

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Notes to Special-Purpose Financial Statements
June 30, 2024 and 2023

	2024	2023
Financial assets available to meet general expenditures over the next 12 months:		
Accounts receivable, net	\$ 4,271,992	\$ 3,445,169
Pledges receivable (due within a year)	-	32,550
Due from Boston University		
Cash received on campaign pledges	30,000	885,385
Designated	<u>1,626,877</u>	<u>1,693,507</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 5,928,869</u>	<u>\$ 6,056,611</u>

WBUR's cash flows have seasonal variations attributable primarily to the timing of underwriting billing and contributions received. WBUR has various sources of liquidity including cash and cash equivalents. Although WBUR does not intend to spend from board designated endowment funds other than amounts appropriated for operations, quasi-endowment funds, as well as accumulated gains and losses with donor restrictions, could be made available, if necessary, with approval from Boston University's Board of Trustees, subject to liquidity of the underlying investments and to the extent allowed by law.

3. Fair Value Measurements

WBUR's investment holdings are included in the University's pooled endowment fund, which is included as part of the University's investments. The pooled endowment fund consists of a variety of investments, including money market funds, fixed income funds, global equities, marketable alternative investments, nonmarketable alternative investments and real assets. WBUR has total investments held by the University with a fair value of \$210,994 and \$199,809 at June 30, 2024 and 2023, respectively. The fair value is determined based on the University's unit value at June 30, 2024 and 2023 multiplied by the total units allocated to WBUR's funds. The fair value hierarchy noted below is based on the University's fair value hierarchy. The beneficial interest in trusts are stated at the estimated fair value, which is based on the percentage of the beneficial interest in trust designated to the Trust, applied to the total fair value of the beneficial interest in trust, which is based primarily on quoted market prices. The following table presents the financial instruments carried at fair value as of June 30, 2024 and 2023, by the valuation hierarchy defined above:

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	Investments Measured at NAV	Investments classified in the Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
<u>As of June 30, 2024:</u>					
Assets					
Long-term investments					
Endowment	\$ 126,618	\$ 66,631	\$ 1,338	\$ 16,407	\$ 210,994
Beneficial interest in perpetual trust	-	-	-	2,367,881	2,367,881
Total assets at fair value	<u>\$ 126,618</u>	<u>\$ 66,631</u>	<u>\$ 1,338</u>	<u>\$ 2,384,288</u>	<u>\$ 2,578,875</u>
<u>As of June 30, 2023:</u>					
Assets					
Long-term investments					
Endowment	\$ 115,175	\$ 66,716	\$ 1,217	\$ 16,701	\$ 199,809
Beneficial interest in perpetual trust	-	-	-	2,029,735	2,029,735
Total assets at fair value	<u>\$ 115,175</u>	<u>\$ 66,716</u>	<u>\$ 1,217</u>	<u>\$ 2,046,436</u>	<u>\$ 2,229,544</u>

There were no additions or transfers into or out of financial instruments classified within the Level 3 fair value hierarchy during the years ended June 30, 2024 and 2023. All changes pertain to realized and unrealized gains and losses.

Endowment Funds

Net asset classification of donor-restricted endowment funds for a not-for-profit organization is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA). The Commonwealth of Massachusetts adopted UPMIFA effective for institutional funds existing on or established after June 30, 2009. WBUR's endowment funds are invested based on the University's investment policies and, therefore, WBUR has adopted the University's interpretation of UPMIFA. In accordance with UPMIFA, the University considers a variety of factors in making a determination to appropriate or accumulate donor-restricted endowment funds. The University has investment and spending policies for its endowment and similar funds that emphasize long-term capital appreciation as a primary source of return while balancing the dual objectives of growth in capital and principal preservation. The targeted distribution percentage is 4%. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year accumulated earnings. The change in value and distributions from the endowment were immaterial for the years ended June 30, 2024 and 2023.

Investment return consists of the following for the years ended June 30:

	2024	2023
Investment return from the Boston University endowment	\$ 653,187	\$ 81,643
Investment return from the WBUR endowment	11,185	1,398
Investment return on Beneficial Interest in Perpetual Trust	<u>98,346</u>	<u>102,768</u>
Total investment return	<u>\$ 762,718</u>	<u>\$ 185,809</u>

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4. Pledges Receivable

Pledges receivable consists of the following at June 30:

	2024	2023
Due within one year	\$ -	\$ 35,000
Less: allowance for unfulfilled pledges	<u>-</u>	<u>(2,450)</u>
Total pledges receivable, net	<u>\$ -</u>	<u>\$ 32,550</u>

At June 30, 2024 and 2023, WBUR was tracking conditional pledges totaling \$7,095,301 and \$1,812,801, respectively. Pledge revenues from these pledges are not recorded and payments are recognized in the statement of activities as gift revenue when received.

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2024	2023
Leasehold improvements	\$ 17,426,883	\$ 17,411,194
Transmission equipment	1,396,103	1,396,103
Studio and other broadcast equipment	1,171,283	1,171,283
Internal use software	2,157,129	479,708
Work in progress	-	352,737
Furniture and fixtures	1,045,036	1,045,036
Vehicles	<u>26,534</u>	<u>26,534</u>
Property and equipment	23,222,968	21,882,595
Less: Accumulated depreciation	<u>(14,897,840)</u>	<u>(13,229,059)</u>
Property and equipment, net	<u>\$ 8,325,128</u>	<u>\$ 8,653,536</u>

Depreciation expense related to property and equipment was \$1,668,781 and \$1,643,329 for the years ended June 30, 2024 and 2023, respectively.

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6. Due to/from Boston University

WBUR reflects an asset due from Boston University of \$5,430,729 and \$10,762,960 at June 30, 2024 and 2023, respectively. The balance is primarily comprised of the accumulated net margins net of leasehold improvements of WBUR, which were funded by the University. Interest is not charged on amounts due from the University. In addition, WBUR funds are held by the University in its endowment and are reported to WBUR at estimated fair value of \$12,321,768 and \$11,668,581 at June 30, 2024 and 2023, respectively. Earnings credits of \$435,771 and \$408,171 for the years ended June 30, 2024 and 2023, respectively, were appropriated to WBUR and are included in other income on the special-purpose statements of activities and may be expended at the discretion of WBUR. This earnings credit is between 3% and 5% of the value invested and is established each year by the Trustees of Boston University. Unrealized gains of \$653,187 and \$81,643 are included in total investment return or losses on investments on the special-purpose statements of activities for the years ended June 30, 2024 and 2023, respectively.

WBUR is a department of the University. Due to the nature and significance of the transactions between WBUR and the University, the financial position, changes in net assets and cash flows may not be indicative of the results which would have been attained if WBUR was not a department of the University. Total donated access to facilities and administrative support provided to WBUR from the University was \$522,977 and \$1,195,492 for the years ended June 30, 2024 and 2023, respectively.

7. Pension and Other Employee Benefits

WBUR participates in the University's pension and other postretirement benefit plans as described below.

Defined Contribution Plan

The University makes retirement plan contributions to Fidelity Investments for faculty and staff. The Boston University Retirement Plan is a defined contribution plan under section 403(b) of the IRS code. All employees who work at least 50% of a full-time schedule, and have an assignment duration of at least nine months and who have completed two years of service are automatically enrolled in the plan at the time they become eligible. The expenses for this program amounted to \$1,728,648 and \$1,632,550 for the years ended June 30, 2024 and 2023, respectively, and were paid by the University.

8. Commitments and Contingencies

Leases

The University, on behalf of WBUR, is committed to minimum annual rent payments under several long-term non-cancellable operating leases for broadcast tower and office space through fiscal year 2034. These leases do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expenses are included in the special-purpose statements of activities for the years ended June 30 and are summarized below:

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The components of lease expense are as follows:

	2024	2023
Operating lease expense	\$ 632,801	\$ 632,801
Short-term lease expense	664,058	664,058
Total lease expense	<u>\$ 1,296,859</u>	<u>\$ 1,296,859</u>

Other information regarding operating leases is as follows at June 30:

	2024	2023
Weighted average remaining lease term	6.58 years	7.44 years
Weighted average discount rate	2.30%	3.26%

Payments due on these operating leases include options to extend broadcast tower leases through fiscal year 2034 and are summarized below as of June 30, 2024:

	Operating Leases	Leases with Boston University	Total Operating Leases
FY2025	\$ 316,557	\$ 335,260	\$ 651,817
FY2026	324,329	345,318	669,647
FY2027	332,333	355,677	688,010
FY2028	340,578	180,467	521,045
FY2029	353,633	-	353,633
Thereafter	1,095,297	-	1,095,297
Total minimum lease payments	<u>\$ 2,762,727</u>	<u>\$ 1,216,721</u>	<u>\$ 3,979,448</u>
Less: imputed interest	(346,658)	(69,423)	(416,081)
Total lease liabilities	<u>\$ 2,416,069</u>	<u>\$ 1,147,298</u>	<u>\$ 3,563,367</u>

Employment Contracts

WBUR has several significant employment contracts with certain key employees at terms standard for the market that commit WBUR to specified payments over the coming years.

From time to time, WBUR has been subject to legal proceedings and claims arising in connection with its activities. At June 30, 2024 and 2023, there were no claims against WBUR that in the opinion of management would have a material effect on WBUR's financial position and results of operations.

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9. Net Assets

Net assets without donor restrictions are comprised of the following at June 30:

	2024	2023
General operations	\$ 7,522,648	\$ 11,781,491
Net investment in plant	<u>8,325,128</u>	<u>8,653,536</u>
Total net assets without donor restrictions	<u>\$ 15,847,776</u>	<u>\$ 20,435,027</u>

Net assets with donor restrictions are comprised of the following at June 30:

	2024	2023
Accumulated unspent gains:		
General support	\$ 102,329	\$ 91,144
Purpose restricted gifts:		
Journalism and new initiatives	13,393,485	12,828,902
Purpose restricted gifts:		
Journalism and new initiatives	46,581	-
Beneficial interest in perpetual trust	2,367,881	2,029,735
Endowment funds - general support	<u>108,665</u>	<u>108,665</u>
Total net assets with donor restrictions	<u>\$ 16,018,941</u>	<u>\$ 15,058,446</u>

10. Functional Classification of Expenses

The special-purpose statements of activities present expenses by natural classification. WBUR also summarizes expenses by functional classification. WBUR's primary program services are journalism and information-based multi-media broadcasting. Expenses for broadcast support and auxiliary enterprises are incurred in support of this primary program activity. Other natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort.

Expenses presented by functional classification for the year ended June 30, 2024 are as follows:

	Programming and Production	Engineering and Technical	Digital Media	Fundraising	Underwriting	Marketing and Promotion	General and Administrative	Total
Salaries and wages	\$ 14,590,425	\$ 1,296,709	\$ 2,460,923	\$ 1,983,306	\$ 2,680,160	\$ 1,189,144	\$ 1,663,236	\$25,863,903
Employee benefits	4,553,634	407,185	767,961	615,506	835,271	368,452	575,094	8,123,103
Supplies and services	3,401,356	1,655,658	267,397	2,398,830	567,566	1,228,861	1,027,554	10,547,222
Utilities, rent, and repairs	725,370	64,467	122,346	98,601	133,246	378,370	82,689	1,605,089
Depreciation	327,767	29,130	55,284	44,554	60,209	1,114,473	37,364	1,668,781
Total operating expenses	<u>\$ 23,598,552</u>	<u>\$ 3,453,149</u>	<u>\$ 3,673,911</u>	<u>\$ 5,140,797</u>	<u>\$ 4,276,452</u>	<u>\$ 4,279,300</u>	<u>\$ 3,385,937</u>	<u>\$47,808,098</u>

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Expenses presented by functional classification for the year ended June 30, 2023 are as follows:

	Programming and Production	Engineering and Technical	Digital Media	Fundraising	Underwriting	Marketing and Promotion	General and Administrative	Total
Salaries and wages	\$ 14,477,441	\$ 1,083,899	\$ 2,261,384	\$ 1,808,579	\$ 2,472,897	\$ 1,143,702	\$ 2,815,413	\$26,063,315
Employee benefits	3,860,303	284,799	607,660	483,231	663,179	306,419	705,408	6,910,999
Supplies and services	3,652,670	782,903	264,590	2,296,667	399,856	1,071,970	1,412,026	9,880,682
Utilities, rent, and repairs	733,118	54,887	114,513	91,584	125,224	377,167	142,569	1,639,062
Depreciation	308,604	23,105	48,204	38,552	52,713	1,112,138	60,014	1,643,330
Total operating expenses	<u>\$ 23,032,136</u>	<u>\$ 2,229,593</u>	<u>\$ 3,296,351</u>	<u>\$ 4,718,613</u>	<u>\$ 3,713,869</u>	<u>\$ 4,011,396</u>	<u>\$ 5,135,430</u>	<u>\$46,137,388</u>

11. Prior Period Restatement

The financial statements for the year ended June 30, 2023 have been restated to remove accrued vacation compensation liability. This resulted in an overstatement of accrued expenses and operating expenses. The effect of this adjustment on the June 30, 2023 financial statements is as follows:

	As originally presented at June 30, 2023	As restated at June 30, 2023
Accounts payable and accrued expenses	3,049,708	1,205,043
Change in net assets	(6,809,755)	(7,063,732)
Unrestricted net assets, beginning of the year	40,458,563	42,557,205