

VPM Media Corporation

Consolidated Financial Statements

June 30, 2025 and 2024



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

VPM MEDIA CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	9
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	12
Supplemental Schedules:	
Consolidating Statement of Financial Position	31
Consolidating Statement of Activities	33

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of VPM Media Corporation
Richmond, Virginia

Opinion

We have audited the accompanying consolidated financial statements of VPM Media Corporation and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VPM Media Corporation and its subsidiaries as of June 30, 2025 and 2024, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of VPM Media Corporation and its subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VPM Media Corporation and its subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 VPM Media Corporation and its subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VPM Media Corporation and its subsidiaries' 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2025 consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

January 12, 2026
Glen Allen, Virginia

VPM MEDIA CORPORATION

Consolidated Statements of Financial Position June 30, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 5,591,364	\$ 7,737,608
Accounts receivable, net	301,150	327,316
Contributions receivable - current	491,519	504,577
Inventory	-	51,968
Prepaid expenses	<u>322,549</u>	<u>441,568</u>
Total current assets	6,706,582	9,063,037
Contributions receivable, net - noncurrent	695,442	1,057,292
Property and equipment, net	55,401,397	15,840,701
Right of use operating lease assets, net	834,768	907,939
Intangible assets	1,674,669	1,755,899
Investments (see Notes 2 and 7)	<u>186,068,037</u>	<u>180,386,022</u>
Total assets	<u>\$ 251,380,895</u>	<u>\$ 209,010,890</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 5,623,328	\$ 752,885
Accrued expenses	313,136	367,519
Operating lease liabilities, current portion	106,468	104,568
Deferred revenue	<u>185,905</u>	<u>262,581</u>
Total current liabilities	6,228,837	1,487,553
Bond payable (see Note 13)	32,461,367	-
Operating lease liabilities, long-term portion	<u>782,315</u>	<u>839,263</u>
Total liabilities	<u>39,472,519</u>	<u>2,326,816</u>
Net assets:		
Without donor restrictions:		
Undesignated	208,091,619	201,986,349
Board designated - general purposes (see Note 1)	328,153	328,153
Board designated - VPM News initiatives (see Note 1)	<u>250,000</u>	<u>500,000</u>
Total net assets without donor restrictions	208,669,772	202,814,502
With donor restrictions	<u>3,238,604</u>	<u>3,869,572</u>
Total net assets	<u>211,908,376</u>	<u>206,684,074</u>
Total liabilities and net assets	<u>\$ 251,380,895</u>	<u>\$ 209,010,890</u>

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities
Year Ended June 30, 2025, with Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Support and revenue:				
Operating:				
Community support:				
Membership contributions and corporate support and grants	\$ 5,220,695	\$ 187,558	\$ 5,408,253	\$ 5,183,212
Underwriting	1,526,337	-	1,526,337	1,838,278
Production services	523,821	-	523,821	1,276,110
Public support - community service grants:				
Corporation for Public Broadcasting	1,512,771	-	1,512,771	1,393,682
Broadcast services:				
Data transmission	605,136	-	605,136	605,136
Capital campaign contributions (see Note 21)	-	873,912	873,912	2,508,797
Miscellaneous	187,923	-	187,923	989,842
Total operating revenue	9,576,683	1,061,470	10,638,153	13,795,057
Investment income, net	15,388,169	-	15,388,169	23,606,238
Rental income	393,710	-	393,710	413,297
Gain on disposal of equipment (see Note 6)	10,826	-	10,826	3,796
Total support and revenue	25,369,388	1,061,470	26,430,858	37,818,388
Net assets released from restrictions	1,692,438	(1,692,438)	-	-

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities, Continued
Year Ended June 30, 2025, with Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Expenses:				
Program:				
Programming and production	\$ 7,068,562	\$ -	\$ 7,068,562	\$ 9,983,549
Broadcast and engineering	4,993,681	-	4,993,681	3,251,256
Promotions, community engagement and education	1,267,794	-	1,267,794	995,913
Total program expenses	13,330,037	-	13,330,037	14,230,718
General and administrative	5,787,314	-	5,787,314	5,890,040
Fundraising	2,089,205	-	2,089,205	1,784,013
Total expenses	21,206,556	-	21,206,556	21,904,771
Total change in net assets	5,855,270	(630,968)	5,224,302	15,913,617
Net assets at beginning of year	202,814,502	3,869,572	206,684,074	190,770,457
Net assets at end of year	\$ 208,669,772	\$3,238,604	\$ 211,908,376	\$ 206,684,074

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Operating:			
Community support:			
Membership contributions and corporate support	\$ 4,839,552	\$ 343,660	\$ 5,183,212
Underwriting	1,838,278	-	1,838,278
Production services	1,276,110	-	1,276,110
Public support - community service grants:			
Corporation for Public Broadcasting	1,393,682	-	1,393,682
Broadcast services:			
Data transmission	605,136	-	605,136
Capital campaign contributions (see Note 21)	-	2,508,797	2,508,797
Miscellaneous	989,842	-	989,842
Total operating revenue	10,942,600	2,852,457	13,795,057
Investment gain, net	23,606,238	-	23,606,238
Rental income	413,297	-	413,297
Gain on disposal of equipment (see Note 6)	3,796	-	3,796
Total support and revenue	34,965,931	2,852,457	37,818,388
Net assets released from restrictions	249,487	(249,487)	-

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities, Continued
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program:			
Programming and production	\$ 9,983,549	\$ -	\$ 9,983,549
Broadcast and engineering	3,251,256	-	3,251,256
Promotions, community engagement and education	995,913	-	995,913
Total program expenses	14,230,718	-	14,230,718
General and administrative	5,890,040	-	5,890,040
Fundraising	1,784,013	-	1,784,013
Total expenses	21,904,771	-	21,904,771
Total change in net assets	13,310,647	2,602,970	15,913,617
Net assets at beginning of year	189,503,855	1,266,602	190,770,457
Net assets at end of year	\$ 202,814,502	\$ 3,869,572	\$ 206,684,074

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Functional Expenses Year Ended June 30, 2025

	Program Services			General & Administrative	Fundraising	Total
	Programming & Production	Broadcast & Engineering	Community Engagement			
Salaries, wages, & benefits	\$ 3,315,326	\$ 1,238,678	\$ 718,378	\$ 3,875,254	\$ 1,254,107	\$ 10,401,743
Professional services	672,224	732,302	148,258	280,118	72,575	1,905,477
PBS & NPR dues	1,381,407	-	-	-	-	1,381,407
Production	1,122,138	-	-	-	-	1,122,138
Information technology	-	760,243	586	-	-	760,829
Dues, professional affiliations	15,763	491,644	4,066	140,374	85,263	737,110
Occupancy	-	234,810	-	395,803	-	630,613
Printing & publications	-	3,512	38,170	2,569	426,689	470,940
Repairs & maintenance	-	327,891	-	86,316	-	414,207
Marketing and public relations	54,794	-	312,621	-	17,082	384,497
Programming	324,423	-	-	-	-	324,423
Bad debt expense	55,721	-	-	200,000	-	255,721
Utilities	-	10,056	-	240,866	-	250,922
Travel	59,005	44,732	3,458	30,493	34,248	171,936
Supplies & equipment	15,856	74,549	27,608	23,093	1,775	142,881
Communications	-	119,234	-	14,145	191	133,570
Brokerage fees - UW buys	-	-	-	-	117,583	117,583
Conferences & meetings	3,071	5,340	6,846	49,779	51,853	116,889
Trades-in-kind	-	-	-	113,396	-	113,396
Impairment of intangible asset	-	-	-	81,230	-	81,230
Miscellaneous	1,758	9,263	7,717	53,268	494	72,500
Disposal of inventory	-	-	-	51,968	-	51,968
Premiums	-	-	-	-	22,881	22,881
Vehicle expense	1,052	9,199	-	5,907	85	16,243
Postage and shipping	299	221	86	9,491	4,379	14,476
	<u>7,022,837</u>	<u>4,061,674</u>	<u>1,267,794</u>	<u>5,654,070</u>	<u>2,089,205</u>	<u>20,095,580</u>
Depreciation	<u>45,725</u>	<u>932,007</u>	<u>-</u>	<u>133,244</u>	<u>-</u>	<u>1,110,976</u>
Totals	<u>\$ 7,068,562</u>	<u>\$ 4,993,681</u>	<u>\$ 1,267,794</u>	<u>\$ 5,787,314</u>	<u>\$ 2,089,205</u>	<u>\$ 21,206,556</u>

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Functional Expenses, Continued Year Ended June 30, 2024

	Program Services			General & Administrative	Fundraising	Total
	Programming & Production	Broadcast & Engineering	Community Engagement			
Salaries, wages, & benefits	\$ 3,878,248	\$ 1,281,751	\$ 642,442	\$ 3,502,735	\$ 1,156,311	\$ 10,461,487
Production	3,047,073	-	-	-	-	3,047,073
Professional services	890,061	59,281	73,377	685,355	90,330	1,798,404
PBS & NPR dues	1,266,488	-	-	-	-	1,266,488
Dues, professional affiliations	126,111	568,229	1,949	25,112	3,096	724,497
Occupancy	-	161,515	-	275,795	325	437,635
Printing & publications	66,845	-	28,430	2,468	295,451	393,194
Programming	374,916	-	-	-	-	374,916
Information technology	10,694	358,056	446	-	-	369,196
Repairs & maintenance	1,121	259,778	6,455	76,646	-	344,000
Utilities	-	1,739	-	266,941	-	268,680
Marketing and public relations	13,745	-	188,951	-	6,788	209,484
Supplies & equipment	92,901	89,043	20,114	891	1,913	204,862
Miscellaneous	22,970	350	16,847	157,480	4,500	202,147
Communications	44	-	-	155,791	-	155,835
Travel	92,558	4,673	4,688	21,188	25,460	148,567
Brokerage fees - UW buys	-	-	-	-	118,088	118,088
Conferences & meetings	39,568	17,793	10,028	38,771	9,316	115,476
Trades-in-kind	-	-	-	-	56,413	56,413
Vehicle expense	4,856	12,304	1,927	3,198	92	22,377
Premiums	-	-	-	-	11,846	11,846
Postage and shipping	1,397	200	259	4,700	4,084	10,640
	9,929,596	2,814,712	995,913	5,217,071	1,784,013	20,741,305
Depreciation	53,953	436,544	-	672,969	-	1,163,466
Totals	\$ 9,983,549	\$ 3,251,256	\$ 995,913	\$ 5,890,040	\$ 1,784,013	\$ 21,904,771

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 5,224,302	\$ 15,913,617
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,110,976	1,163,466
Reinvested net investment income	(6,967,042)	(5,027,722)
Unrealized gains on investments, net	(8,419,822)	(18,574,261)
Impairment of intangible asset	81,230	-
Gain on disposal of equipment	(10,826)	(3,796)
Changes in assets and liabilities:		
Accounts receivable, net	26,166	306,977
Operating lease assets and liabilities, net	18,123	16,299
Inventory	51,968	1,007
Prepaid expenses	119,019	(167,096)
Accounts payable	4,870,443	(224,480)
Accrued expenses	(54,383)	(19,546)
Deferred revenue	(76,676)	(93,324)
Net cash used in operating activities	(4,026,522)	(6,708,859)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	16,043,975	20,139,324
Purchases of investments	(6,339,126)	(6,987,176)
Purchases of property and equipment	(40,672,399)	(9,307,439)
Proceeds from sale of equipment	11,553	3,796
Net cash (used in) provided by investing activities	(30,955,997)	3,848,505
Cash flows from financing activities:		
Proceeds from bond payable	32,461,367	-
Cash received on capital campaign pledges	587,943	415,761
New capital campaign pledges	(213,035)	(1,279,749)
Principal payments on note payable	-	(263,820)
Net cash provided by (used in) financing activities	32,836,275	(1,127,808)
Net change in cash	(2,146,244)	(3,988,162)
Cash and cash equivalents at the beginning of the year	7,737,608	11,725,770
Cash and cash equivalents at the end of the year	\$ 5,591,364	\$ 7,737,608
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 409,378	\$ 2,111
Non-cash transactions:		
Operating lease assets obtained in exchange for lease liabilities	\$ 51,940	\$ 30,801

See accompanying notes to the consolidated financial statements.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Business: VPM Media Corporation, dba VPM, ("VPM") is a nonprofit corporation whose primary operations consist of the production and/or broadcasting of instructional and noncommercial public interest television and radio programs in Central Virginia and the Shenandoah Valley over its stations WCVE, WVPT, WCVW and WCVE-FM in Richmond, WHTJ in Charlottesville, WCNV-FM in Heathsville, WMVE-FM in Chase City, WWLB-FM in Ettrick, and WBBT-FM in Powhatan, as well as digital programming. VPM is a Virginia nonstock corporation and an organization described in Internal Revenue Code section 501(c)(3), and is classified as a publicly supported organization.

Virginia Foundation for Public Media ("VFPM" or "Foundation") was incorporated under the laws of the Commonwealth of Virginia on July 10, 2017 and was created with the proceeds received from the spectrum auction. VFPM is a supporting organization, within the meaning of Internal Revenue Code section 509(a)(3), of VPM. VFPM initially controlled VPM. In December 2020, VPM and VFPM's Boards, respectively, approved new Articles of Incorporation and Bylaws to revise the organizational structure to change VFPM to a Type I supporting organization from a Type III supporting organization. VPM now appoints the majority of VFPM's Board members. The organizational change became effective in March 2021 following review by the Federal Communications Commission and filing with the Virginia State Corporation Commission.

In March 2020, the Corporation formed I64 Media LLC to conduct charitable and educational activities such as the creation of educational programming for public broadcasting and the sale of merchandise related to its programming. VPM is the sole member of I64 Media. I64 Media will be utilized for a number of different activities including the production of educational radio and television (visual) programs; publication of books, pamphlets and newsletters on a wide range of educational and cultural subjects; and distribution of media. As a subsidiary of VPM, I64 Media LLC activity is reported in the 2025 and 2024 consolidated financial statements.

In November 2023, the Foundation formed 13-17 East Broad Street, LLC, a wholly owned subsidiary, to conduct the construction of VPM's new headquarters. VFPM is the sole member of 13-17 East Broad Street, LLC. As a subsidiary of VFPM, 13-17 East Broad Street, LLC's activity is reported in the consolidated financial statements.

These consolidated financial statements include the operations of VPM, 13-17 East Broad Street, LLC, VFPM, and I64 Media LLC (collectively referred to as the "Corporation") for the years ended June 30, 2025 and 2024. All intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Support and Revenue Recognition: The Corporation follows FASB issued Accounting Standard Update (“ASU”) 2014-09 – Revenue Recognition from Contracts with Customers (“Topic 606”). Topic 606 affects any entity that enters into contracts with customers to transfer goods or services.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Corporation's products or services. Revenue is measured as the amount of total consideration expected to be received in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer in exchange for payment and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. Revenue from memberships is recognized over time. Revenue from corporate underwriting and production services is recognized at a point in time when performance obligations are satisfied.

The Corporation receives in advance payments primarily for data transmission and rental of tower space. These advance payments represent contract liabilities and are recorded as deferred revenue when received and reclassified to support and revenue in the period to which they are earned. The amounts related to these contract liabilities were \$185,905 and \$262,581 at June 30, 2025 and 2024. Contract liabilities were \$355,905 at July 1, 2023.

Accounts Receivable: Accounts receivable represent the Corporation's right to consideration in exchange for performance obligations satisfied. These amounts are presented net of the allowance for credit losses. The allowance for credit losses receivable was \$29,090 and \$10,441 at June 30, 2025 and 2024, respectively. Accounts receivable was \$634,293 at July 1, 2023.

Contributions Receivable: Contributions receivable are reported net of an allowance for uncollectible contributions based on management's estimate of the amount of contributions receivable that will actually be collected. At June 30, 2025 and 2024, management determined the contributions receivable were fully collectible and that no allowance was necessary.

Contributions receivable are reported at net present value in the year promised and recognized as without donor restriction or with donor restriction as appropriate. The effective interest rate for the present value discount on contributions receivable at June 30, 2025 were between 4.20% and 5.80%. The effective interest rate for the present value discount on contributions receivable at June 30, 2024 were between 4.20% and 5.60%.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Inventory: Inventory consisted of merchandise for sale and is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. During the year ended June 30, 2025, the Corporation disposed of the entirety of their inventory. The disposal of inventory was recorded in the Statement of Activities for the year ended June 30, 2025.

Financial Statement Presentation: The Corporation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include undesignated and board designated net assets. Board designated net assets represent contributions with no donor-imposed stipulations as to their purpose which the Corporation's Board of Directors have earmarked for specific purposes. At June 30, 2025, Board designated net assets include \$250,000 designated for VPM News initiatives and \$328,153 designated for general purposes. At June 30, 2024, Board designated net assets include \$500,000 designated for VPM News initiatives and \$328,153 designated for general purposes.

Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Corporation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

Recognition of Support, Contributions and Grants: Contributions and grants are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions and grants restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the contribution or grant is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Fair Value of Financial Instruments: Due to the short-term nature of the Corporation's accounts receivable, contributions receivable, grants receivable, prepaid expenses, accounts payable, and accrued liabilities, there are no significant differences between their recorded and fair values.

Cash and Cash Equivalents: The Corporation considers highly liquid instruments purchased with a maturity date of three months or less to be cash equivalents.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Investments: All investments are measured at fair value with gains and losses included in operations (see Notes 2 and 7). Unrealized gains and losses are included in the accompanying consolidated statements of activities. Realized gains and losses on dispositions are based on the net proceeds and the carrying value of the securities sold, using the specific identification method. Interest is accrued as earned, and dividends are recorded on the ex-dividend date.

Intangible Assets: Intangible assets consist of rights to artwork of \$110,000 acquired as part of the merger with Shenandoah Valley Educational Television Corporation (SVETC), broadcast licenses of \$1,574,669 acquired as part of the acquisition of Alpha Media, LLC in 2018, and intellectual property and trademarks of \$100,000 acquired as part of the acquisition of Style Weekly in 2022. As of June 30, 2024, intangible assets totaled \$1,755,899. The cost of rights to artwork for resale are charged to expense as the prints are sold. The broadcast licenses, intellectual property, and trademarks are considered to be indefinite-lived intangible assets and thus are not amortized. The Corporation is required to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired on an annual basis in accordance with FASB Accounting Standards Codification (“ASC”) 350-30-35. As of June 30, 2024, management determined that no qualitative factors exist that would require the Corporation to perform the quantitative test, and thus no impairment was recorded.

During the year ended June 30, 2025, the Corporation relinquished the right to reproduce the artwork acquired as part of the merger with SVETC. As a result of these indicators of impairment, management performed a quantitative impairment test in accordance with ASC 350. As of June 30, 2025, intangible assets totaled \$1,674,669.

The recoverable amount of the intangible asset was estimated to be \$0. Consequently, the Corporation recognized a full impairment loss of \$81,230. The impairment loss is presented in the consolidated statement of activities for the year ended June 30, 2025.

Property and Equipment: Purchased property and equipment are stated at cost. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. The Corporation capitalizes all expenditures for property and equipment over \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The lives range from 3-15 years for equipment and 5-30 years for buildings and leasehold improvements. Upon retirement or sale of an assets, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Concentrations of Credit Risk: Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and accounts and contributions receivable. The majority of accounts receivable at June 30, 2025 and 2024 are from underwriting. At June 30, 2025, two customers accounted for 38% of the accounts receivable balance. At June 30, 2024, two customers accounted for 35% of the accounts receivable balance.

The Corporation maintains its cash balances in financial institutions, insured by the Federal Deposit Insurance Corporation up to \$250,000. The Corporation periodically has funds in excess of the federally insured limits.

Advertising Expenses: The Corporation expenses advertising costs as they are incurred. Advertising expense is included in marketing and public relations expense in the consolidated statements of functional expenses. These expenses amounted to \$384,497 for 2025 and \$209,484 for 2024.

Functional Allocation of Expenses: Program, fundraising, and administrative costs have been summarized on a functional basis in the consolidated statements of activities. Certain direct costs have been charged to programs and supporting services on the basis of the activity benefited. Expenses directly attributable to a specific functional area of the Corporation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Accordingly, wages and related costs have been allocated based on time spent in the various functions. Following FASB guidance on management and general expense, depreciation is allocated based on square footage basis. All other costs are evaluated on a per invoice basis to determine what functions have been served.

Tax Status: The Internal Revenue Service has determined that VPM is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Under the provisions of Section 501, the Corporation is exempt from income taxes on income other than unrelated business income.

The Internal Revenue Service has determined that VFPM is exempt from federal income tax as a public foundation described in Section 509(a)(3). Under the provisions of Section 501, VFPM is exempt from income taxes on income other than unrelated business income.

I64 Media LLC is a limited liability company. As such, all income and losses flow through and are taxable to I64 Media LLC's sole member.

13-17 East Broad Street, LLC is a limited liability company. As such, all income and losses flow through and are taxable to 13-17 East Broad Street, LLC's sole member.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Tax Status, Continued: The Corporation has adopted financial reporting guidance related to accounting for uncertainty in income taxes, which prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in the Corporation's consolidated financial statements. The guidance also provides criteria on derecognition, classification, interest and penalties, disclosure and transition. The Corporation discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Corporation's position, and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Corporation's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Corporation has completed its assessment and determined that there are no tax positions which would require recognition. The Corporation is not currently under audit by any tax jurisdiction.

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

Leases: The Corporation follows FASB ASC 842 Leases ("ASC 842"). ASC 842 requires lessees to recognize a right of use asset and a lease liability on the consolidated statements of financial position for substantially all leases with a term of 12 months or greater. Leases are classified as either finance or operating, with classification affecting expense recognition in the Corporation's operations.

The lease liabilities are initially measured at the present value of future lease payments, measured on a discounted basis, as of the lease commencement date or the adoption date, whichever is later. The right of use assets are initially measured at the value of the lease liability, adjusted for initial direct lease costs, lease incentives, and prepaid or deferred rent. The Corporation elected to use the risk-free discount rate for any leases for which the rate implicit in the lease was not readily determinable. The right of use assets and lease liabilities are calculated to include options to extend or terminate the lease when the Corporation determines that it is reasonably certain it will exercise those options. In making those determinations, the Corporation considers various existing economic and market factors, business strategies as well as the nature, length, and terms of the lease agreements.

The Corporation has made accounting policy elections to not recognize ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset and to not separate non-lease components of lease payments from the lease components.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

2. Investments:

Pursuant to its bylaws, the Corporation's Finance and Audit Committee provides general oversight of the security, funding, and investment management of the Corporation's endowment and investment assets, and review of its investment policies. The Finance and Audit Committee operates under a charter approved by the Board. The Corporation's investment policies describe overall investment objectives as well as defining types of authorized investments to provide for a diversified portfolio. Under these policies, investments are managed to maintain funds for future needs. The funds may be invested in U.S. government and corporate obligations, domestic and international equities, and other instruments meeting criteria established by the Board. Because of the long-term perspective and purpose, the Corporation's invested funds are reported as non-current assets.

Fair values by investment category are disclosed in Note 7.

Investment transactions are reported as follows for the years ended June 30:

	2025	2024
Interest and dividends	\$ 3,310,965	\$ 3,799,283
Net realized gain	4,145,213	1,688,719
Net unrealized gain	8,419,822	18,574,261
Investment gain	15,876,000	24,062,263
Investment transaction costs and management fees	(487,831)	(456,025)
Investment income, net	\$ 15,388,169	\$ 23,606,238

3. Contributions Receivable:

Contributors to the Corporation made unconditional written promises to give related to the capital campaign as of June 30, 2025 and 2024 of \$1,186,961 and \$1,561,869, respectively.

The Corporation projects that contributors will remit these contributions as follows:

	2025	2024
Less than one year	\$ 491,519	\$ 504,577
One year to five years	771,291	1,248,880
	1,262,810	1,753,457
Less discount for net present value	(75,849)	(191,588)
	\$ 1,186,961	\$ 1,561,869

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

4. Conditional Promises to Give:

During the year ended June 30, 2025, the Organization received a conditional promise to give totaling \$500,000 from a donor. The promise is contingent upon the Organization raising \$1,000,000 in qualifying matching contributions. Because this matching requirement represents a barrier that must be overcome, and the donor retains a right of release from its obligation if the condition is not met, the conditional promise to give has not been recognized as contribution revenue or as an asset in the accompanying financial statements in accordance with ASC 958-605. The conditional promise will be recognized as contribution revenue in the period in which the matching condition is substantially met or explicitly waived by the donor.

5. Due to/from Affiliates:

As of June 30, 2023, VPM had an outstanding balance due to VFPM of \$325,739 and due from I64 Media of \$86,114. The amount due to/from affiliates were received or paid in fiscal year 2024. As of June 30, 2024, VPM had an outstanding balance due from VFPM and I64 Media of \$487,216 and \$87,418, respectively. The amount due from affiliates was received in fiscal year 2025. As of June 30, 2025, VPM had an outstanding balance due from VFPM and I64 Media of \$430,790 and \$55,948, respectively. These amounts due from affiliates are expected to be received in fiscal year 2026 and have been eliminated in consolidation.

6. Property and Equipment:

As of June 30, property and equipment consisted of the following:

	2025	2024
Land	\$ 4,291,594	\$ 4,291,594
Buildings and leasehold improvements	6,223,073	6,136,917
Equipment	15,787,459	15,381,897
Construction in process	45,567,160	5,398,538
	71,869,286	31,208,946
Less accumulated depreciation	16,467,889	15,368,245
	\$ 55,401,397	\$ 15,840,701

Depreciation expense was \$1,110,976 for 2025 and \$1,163,466 for 2024.

During 2025 and 2024, the Corporation sold equipment for \$11,553 and \$3,796, respectively. The Corporation recorded a gain on disposal of \$10,826 and \$3,796 which is reflected as a component of non-operating revenue in the 2025 and 2024 consolidated statements of activities, respectively.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

7. Fair Value Measurements:

The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement. There are no assets or liabilities classified as Level 3 at June 30, 2025 and 2024.

Corporate obligations: Valued at original cost adjusted for any premium or coupon. At June 30, 2025 and 2024, the obligations have no unfunded commitments and can be redeemed immediately upon notice with no other redemption restrictions.

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Mutual funds are valued at the net asset value (“NAV”) of shares held by the Corporation at year end.

Mortgage and asset-backed securities: Valued at original cost adjusted for any premium or coupon.

Investment Fund: Valued based on the NAV per share of the investment (or its equivalent), as a practical expedient, as a) the underlying investment manager’s calculation of NAV is fair value based, and b) the NAV has been calculated as of the Corporation’s fiscal year end date.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

7. Fair Value Measurements, Continued:

Assets and liabilities measured at fair value on a recurring basis at June 30, 2025, include the following:

	Fair Value Using		Asset/Liabilities at Fair Value
	Level 1	Level 2	
Investments:			
Corporate obligations	\$ -	\$ 9,994,141	\$ 9,994,141
Stocks	19,179,672	-	19,179,672
Mutual funds	108,263,979	-	108,263,979
Mortgage and asset-backed securities	-	41,038	41,038
Investments measured at NAV ^(a)			<u>48,589,207</u>
Total assets	<u>\$ 127,443,651</u>	<u>\$ 10,035,179</u>	<u>\$ 186,068,037</u>

Assets and liabilities measured at fair value on a recurring basis at June 30, 2024, include the following:

	Fair Value Using		Asset/Liabilities at Fair Value
	Level 1	Level 2	
Investments:			
Corporate obligations	\$ -	\$ 7,326,554	\$ 7,326,554
Stocks	17,258,694	-	17,258,694
Mutual funds	110,207,246	-	110,207,246
Mortgage and asset-backed securities	-	9,139	9,139
Investments measured at NAV ^(a)			<u>45,584,389</u>
Total assets	<u>\$ 127,465,940</u>	<u>\$ 7,335,693</u>	<u>\$ 180,386,022</u>

^(a) In accordance with subtopic 820-10, these assets are measured at the net asset value per share (or its equivalent) as a practical expedient and have not been included in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

8. Accrued Expenses:

Accrued expenses at June 30, consisted of the following:

	2025	2024
Accrued payroll	\$ 105,581	\$ 143,058
Accrued vacation	120,453	130,042
Other accrued expenses	87,102	94,419
	\$ 313,136	\$ 367,519

9. Liquidity and Availability of Financial Assets:

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Corporation's investments are regularly reviewed by its Finance and Audit Committee.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date as of June 30 comprise the following:

	2025	2024
Financial assets available within one year:		
Cash and cash equivalents	\$ 5,591,364	\$ 7,737,608
Accounts receivable, net	301,150	327,316
Contributions receivable, net	491,519	504,577
Investments	186,068,037	180,386,022
Total available within one year	192,452,070	188,955,523
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	3,238,604	3,869,572
Net assets with board designations	578,153	828,153
Total unavailable within one year	3,816,757	4,697,725
Financial assets available for general expenditure within one year	\$ 188,635,313	\$ 184,257,798

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

9. Liquidity and Availability of Financial Assets, Continued:

As part of the Corporation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Although the Corporation does not intend to spend from Board designated funds for general expenditures, these funds could be made available if necessary.

10. Retirement Plans:

The Corporation maintains a contributory defined contribution plan under IRC Section 403(b), which allows eligible employees to defer a portion of their compensation. VPM provided an employer matching contribution of 50% on employee contributions up to 8% of salary. The total expense for the 403(b) plan was \$262,096 for 2025 and \$270,341 for 2024.

11. Support Received in Exchange Transactions:

The Corporation receives various donated services from governmental agencies, corporations and businesses, and nonprofit entities in exchange for underwriting credits of a similar value to the services donated. The value of these services is determined by the actual value of the underwriting credit provided to the entity or the fair value of the contributed service. These are included as underwriting revenue and various offsetting expenses as indicated below.

The values of the support recognized in the consolidated financial statements through exchange transactions are as follows:

	<u>2025</u>	<u>2024</u>
TV	\$ 30,900	\$ -
Radio	<u>82,496</u>	<u>56,413</u>
	<u>\$ 113,396</u>	<u>\$ 56,413</u>

This support is included in general and administrative expense on the accompanying consolidated statements of functional expenses.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

12. Capital Expenditure Loan:

In August 2019, VPM and the Foundation's Board approved \$2.568 million of additional capital expenditures (for property and equipment), of which approximately \$1.639 million and \$929,000 was to be paid by VFPM and VPM, respectively. In October 2019, the Corporation approved an unsecured \$2.6 million working capital line to finance the capital improvements. VPM drew \$2,116,522 on the line prior to its conversion to a fixed rate loan in May 2020. The loan accrues interest at 3.15 percent. Subsequently, the loan was amended to ensure a fixed monthly payment of \$53,163. An informal agreement existed between VFPM and VPM based on the original Board-approved projects and expenses, for 66 percent of the payments made on the loan to be reimbursed by VFPM. During 2024, \$178,750 was received, respectively in reimbursement from VFPM and is included in Grants from VFPM and is eliminated in consolidation. The loan was fully paid off in November 2023.

13. Line of Credit and Revenue Bond:

In March 2024, the Foundation and 13-17 East Broad Street, LLC entered into a unsecured Line of Credit note and credit agreement in the original amount of \$25,000,000 with Atlantic Union Bank. Interest is payable monthly at 1-month SOFR for the interest period then in effect plus 0.95%. The line of credit amount can be increased to \$50,000,000 based upon the conditions within the credit agreement. There were no outstanding amounts at June 30, 2025 or 2024.

On October 31, 2024, the Organization transitioned into a Revenue Bond agreement with Atlantic Union Bank wherein the Organization may draw principal advances up to \$50,000,000. The proceeds of the bond are to be drawn over time to payoff the draws from the line of credit note then outstanding, and to fund construction draws relating to the facility. Interest is to be paid monthly on amounts drawn (outstanding) at a variable interest rate per annum equal to the sum of (a) 79% of the SOFR for the interest period then in effect, plus (b) the applicable margin, subject to adjustment, with interest computed on actual days elapsed over a 360-day year. Interest payments commenced on December 1, 2024, and interest capitalized for the year ended June 30, 2025 was \$409,378. Principal payments will commence on August 1, 2027, and the balance will be due in full on or before August 1, 2054. The balance of the bond debt at June 30, 2025 was \$32,461,367.

Under the provisions of the Revenue Bond, the Foundation is subject to certain financial and operating covenants, including a liquidity ratio, as defined in the agreement. The Foundation was in compliance with the covenants at June 30, 2025.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

13. Line of Credit and Revenue Bond, Continued:

Future maturities of the Revenue Bond are as follows at June 30, 2025:

<u>Year Ending June 30:</u>	<u>Amount</u>
2028	\$ 631,698
2029	661,563
2030	688,830
Thereafter	<u>30,479,276</u>
	<u>\$ 32,461,367</u>

The Foundation entered into an interest rate swap with Atlantic Union Bank effective July 1, 2025. The swap has an initial notional amount of \$30 Million and allows the Foundation to swap the variable rate associated with the revenue bond for a fixed rate of 3.83%. The agreement terminates on October 31, 2039.

14. Commitments and Contingencies:

The Corporation received equipment grants from federal agencies which covered the cost of specific items of equipment. The federal agencies have a lien on this equipment for a period of ten years from the date of acquisition. If during the ten-year period certain conditions are not met, or the equipment is disposed of, the Corporation could be required to refund a portion of the grant proceeds to the granting agency.

The Corporation has lease agreements relating to broadcast towers. These lease agreements include instances where the Corporation owns the tower and the land on which it sits, owns the tower and leases the land, leases space on the tower owned by a third-party, and other special arrangements. In many instances the agreements may require the Corporation to return the leased land/tower to a pristine or original condition in the event the leases are terminated. Management is unable to estimate the remedial costs that would be incurred to return land to a pristine condition. Management intends to renew all tower lease agreements indefinitely; therefore, management cannot reasonably estimate a timeframe in which those costs would be incurred. The accompanying financial statements do not include any adjustments if and when these agreements are terminated. In instances where VPM owns the tower, it may take steps to transfer ownership to a third party or existing tenant.

From time to time, the Corporation is involved in litigation that it considers to be in the normal course of business. The Corporation is not presently involved in any legal proceedings which management expects individually or in the aggregate to have a material adverse effect on its financial condition, results of operations or cash flows.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

15. Operating Leases:

The Corporation leased space for television and radio transmitter equipment, office equipment and space, and vehicles at an expense of approximately \$264,033 in 2025 and \$219,799 in 2024.

The Corporation has accounted for these leases as an operating lease using a weighted average risk free discount rate of 4% and the remaining lease term is 8.81 years. The following is a schedule, by year, of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2025:

<u>Year Ending June 30:</u>	<u>Amount</u>
2026	\$ 116,471
2027	110,150
2028	94,906
2029	97,767
2030	94,512
Thereafter	<u>543,319</u>
Total lease payments	1,057,125
Less amount representing interest	<u>(168,342)</u>
Total operating lease liabilities	<u>\$ 888,783</u>

16. Rental Income:

The Corporation leases space to government agencies and telecommunications companies for the placement of antennas and other communications equipment on the Corporation's broadcast towers. The following is a schedule, by year, of minimum future rentals on noncancelable operating leases as of June 30, 2025:

<u>Year Ending June 30:</u>	<u>Amount</u>
2026	\$ 948,409
2027	1,008,183
2028	1,165,557
2029	1,101,400
2030	<u>1,099,458</u>
	<u>\$ 5,323,007</u>

These amounts will be included in rental income and data transmission on the accompanying consolidated statements of activities.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

16. **Rental Income, Continued:**

In September 2006, the Corporation entered into Educational Broadband Service Long-Term Agreements to lease capacity on channels (WNC686, WHG238 and WHR972) to transmit in the Richmond, Virginia and Northern Virginia areas. The initial terms were for ten years with two renewal terms of ten years each. The Agreements automatically renewed in September 2016. VPM has been issued an irrevocable standby letter of credit that automatically terminates upon termination of the Agreements.

17. **Net Assets Without Donor Restrictions:**

Net assets without donor restrictions include undesignated and Board designated net assets. Board designated net assets represent contributions with no donor-imposed stipulations as to their purpose which the Corporation's Board of Directors have earmarked for specific purposes.

In 2020, the Corporation received a \$1,000,000 bequest from the Ann Lee Saunders Brown estate that the Board designated for VPM News initiatives, of which \$250,000 were released during the years ended June 30, 2025, 2023 and 2022. \$328,153 is designated for general purposes. There were no releases from board designation during the year ended June 30, 2024.

18. **Net Assets With Donor Restrictions:**

Net assets of \$1,692,438 and \$249,487 were released from donor-imposed restrictions during the years ended June 30, 2025 and 2024, respectively, by incurring expenses or making capital acquisitions that satisfy the restricted purposes specified by the donor.

Net assets with donor restrictions of \$1,815 as of June 30, 2025 and \$12,223 as of June 30, 2024 consist of contributions/grants received for Ready to Learn projects, and future programming.

Net assets with donor restrictions of \$2,790,603 as of June 30, 2025 and \$3,333,358 as of June 30, 2024 consist of contributions received for the capital campaign (Note 21).

Net assets with donor restrictions of \$386,491 at June 30, 2025 and 2024 consist of funds permanently restricted by donors for television and radio purposes.

19. **Endowment Funds:**

The Corporation's endowment (net assets with permanent donor restrictions) consists of two individual funds established by donors for television and radio purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

19. Endowment Funds, Continued:

The Board of Directors of the Corporation have interpreted Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portions of the donor-restricted endowment fund that is not classified as restricted in perpetuity are only reclassified as net assets without donor restrictions when these amounts appropriated for expenditure are disbursed in accordance with donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment Investing and Spending Policies: The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Corporation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective return through diversification of asset classes. The current long-term return objective is to achieve a total rate of return that consistently ranks in the top quartile of investments with the same average asset allocation. Actual returns in any given year may vary from this amount.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

19. Endowment Funds, Continued:

Endowment Investing and Spending Policies, Continued: To satisfy its long-term rate of return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Historically, the Corporation has targeted a diversified asset allocation that placed a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Corporation's various endowed funds for programs and administration. The current spending policy is to distribute earnings, as available, to fund corporate operations.

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, it is the policy of the Corporation to absorb these losses with net assets without donor restrictions. There are no deficiencies at June 30, 2025 and 2024. The Corporation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

20. Guarantees:

Pursuant to its Articles of Incorporation, the Corporation has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Corporation's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Corporation's insurance policies serve to further limit its exposure. Management believes that the estimated fair value of these indemnification obligations is minimal.

In accordance with the terms of tower rental lease agreements, the Corporation generally agrees to indemnify the lessor from certain liabilities arising as a result of the use of the leased premises, including environmental liabilities and repairs to leased property upon termination of the lease. The Corporation is responsible for all repairs and maintenance of all towers that are owned by VPM. The Corporation also leases equipment and is responsible for all damages to the equipment while in its possession, exclusive of that caused by fire, flood, or other act of God.

VPM MEDIA CORPORATION

Notes to Consolidated Financial Statements, Continued

21. Capital Campaign:

During 2023, the Corporation announced its plan to build a 53,700 square foot facility to relocate its headquarters in downtown Richmond. The Corporation intends to fund this project through Foundation contributions, a capital campaign, and debt financing. The capital campaign is currently underway with pledges to give totaling \$4,285,075 as of June 30, 2025. As of June 30, 2025, \$2,822,265 of these pledges had been received. During 2025, the Corporation determined one \$200,000 pledge to be uncollectible and thus it was written off and included as a bad debt expense on the Statement of Activities for the year ended June 30, 2025.

On November 27, 2023, the Foundation formed a new subsidiary, 13-17 East Broad Street, LLC, to own and operate the new headquarters.

22. New Corporate Headquarters:

The Foundation closed on the purchase of a site in January 2024 located in Richmond, Virginia. During 2023 and 2024, the Foundation entered into contracts with a project manager, architect, technology integrator, and general contractor with a budgeted total of \$69.5 million to build the facility. The new facility is being financed through amounts contributed by the Foundation, the line of credit note (see note 13), and contributions received through the capital campaign. As of June 30, 2025, \$45.5 million has been incurred related to the project. Construction is expected to be complete by Spring 2026.

23. Subsequent Events:

The Corporation has evaluated subsequent events through January 12, 2026, the date the consolidated financial statements were available to be issued, and other than the event described below and in Note 13, has determined that there are no other subsequent events to be reported in the accompanying consolidated financial statements.

Pursuant to the Recissions Act of 2025 signed into law on July 24, 2025, Congress rescinded \$1.1 billion in federal funding for the Corporation for Public Broadcasting (CPB) which provided funding for public media organizations throughout the country. The Corporation received approximately \$1.5 million from CPB in the year ended June 30, 2025, representing approximately 14% of its total operating revenue. The Corporation does not expect to receive any funding from CPB in the current fiscal year ending June 30, 2026. The Corporation will seek to make up this loss in funding from increased fundraising and certain savings and additional revenues it expects to receive in conjunction with relocating to its new headquarters.

SUPPLEMENTAL INFORMATION

VPM MEDIA CORPORATION

Consolidating Statement of Financial Position June 30, 2025

<u>Assets</u>	VPM	Virginia Foundation for Public Media	I64 Media	13-17 East Broad Street	Consolidating Entries	Consolidated Total
Current assets:						
Cash and cash equivalents	\$ 3,304,552	\$ 2,103,130	\$ 172,587	\$ 11,095	\$ -	\$ 5,591,364
Accounts receivable, net	245,333	-	55,817	-	-	301,150
Contributions receivable - current	491,519	-	-	-	-	491,519
Due from affiliates	486,738	-	-	-	(486,738)	-
Inventory	-	-	-	-	-	-
Prepaid expenses	295,093	27,456	-	-	-	322,549
Total current assets	4,823,235	2,130,586	228,404	11,095	(486,738)	6,706,582
Contributions receivable, net - noncurrent	695,442	-	-	-	-	695,442
Property and equipment, net	5,617,294	-	-	49,784,103	-	55,401,397
Right of use operating lease assets, net	791,344	43,424	-	-	-	834,768
Intangible assets	1,574,669	-	100,000	-	-	1,674,669
Investment in subsidiary	264,812	44,753,926	-	-	(45,018,738)	-
Investments (see Note 2 and 7)	13,765,934	172,302,103	-	-	-	186,068,037
Total assets	\$ 27,532,730	\$ 219,230,039	\$ 328,404	\$ 49,795,198	\$ (45,505,476)	\$ 251,380,895

See independent auditor's report.

VPM MEDIA CORPORATION

Consolidating Statement of Financial Position, Continued
June 30, 2025

<u>Liabilities and Net Assets</u>	VPM	Virginia Foundation for Public Media	I64 Media	13-17 East Broad Street	Consolidating Entries	Consolidated Total
Current liabilities:						
Accounts payable	\$ 566,590	\$ 7,822	\$ 7,644	\$ 5,041,272	\$ -	\$ 5,623,328
Accrued expenses	313,136	-	-	-	-	313,136
Operating lease liabilities, current portion	63,044	43,424	-	-	-	106,468
Deferred revenue	185,905	-	-	-	-	185,905
Due to affiliates	-	430,790	55,948	-	(486,738)	-
Total current liabilities	1,128,675	482,036	63,592	5,041,272	(486,738)	6,228,837
Bond payable (see Note 13)	-	32,461,367	-	-	-	32,461,367
Operating lease liabilities, long-term portion	782,315	-	-	-	-	782,315
Total liabilities	1,910,990	32,943,403	63,592	5,041,272	(486,738)	39,472,519
Net assets:						
Without donor restrictions:						
Undesignated	21,804,983	186,286,636	264,812	44,753,926	(45,018,738)	208,091,619
Board designated - general purposes (see Note 1)	328,153	-	-	-	-	328,153
Board designated - VPM News initiatives (see Note 1)	250,000	-	-	-	-	250,000
Total net assets without donor restrictions	22,383,136	186,286,636	264,812	44,753,926	(45,018,738)	208,669,772
With donor restrictions	3,238,604	-	-	-	-	3,238,604
Total net assets	25,621,740	186,286,636	264,812	44,753,926	(45,018,738)	211,908,376
Total liabilities and net assets	\$ 27,532,730	\$ 219,230,039	\$ 328,404	\$ 49,795,198	\$ (45,505,476)	\$ 251,380,895

See independent auditor's report.

VPM MEDIA CORPORATION

Consolidating Statement of Activities Year Ended June 30, 2025

	VPM	Virginia Foundation for Public Media	I64 Media	13-17 East Broad Street	Consolidating Entries	Consolidated Total
Support and revenue:						
Operating:						
Community support:						
Membership contributions and corporate support and grants	\$ 5,408,253	\$ -	\$ -	\$ -	\$ -	\$ 5,408,253
Underwriting	1,292,071	-	234,266	-	-	1,526,337
Production services	427,964	-	95,857	-	-	523,821
Public support - community service grants:						
Corporation for Public Broadcasting	1,512,771	-	-	-	-	1,512,771
Broadcast services:						
Data transmission	605,136	-	-	-	-	605,136
Grants from Foundation	7,876,058	-	-	-	(7,876,058)	-
Income from subsidiary	133,655	(29,326)	-	-	(104,329)	-
Capital campaign contributions	873,912	-	-	-	-	873,912
Contributions from supported organization	-	1,494,472	-	-	(1,494,472)	-
Miscellaneous	165,495	1,500	13,582	7,346	-	187,923
Total operating revenue	<u>18,295,315</u>	<u>1,466,646</u>	<u>343,705</u>	<u>7,346</u>	<u>(9,474,859)</u>	<u>10,638,153</u>
Investment income, net	1,527,932	13,858,932	1,305	-	-	15,388,169
Rental income	393,710	-	-	-	-	393,710
Gain on disposal of assets	10,826	-	-	-	-	10,826
Total support and revenue	<u>20,227,783</u>	<u>15,325,578</u>	<u>345,010</u>	<u>7,346</u>	<u>(9,474,859)</u>	<u>26,430,858</u>

See independent auditor's report.

VPM MEDIA CORPORATION

Consolidating Statement of Activities, Continued Year Ended June 30, 2025

	VPM	Virginia Foundation for Public Media	I64 Media	13-17 East Broad Street	Consolidating Entries	Consolidated Total
Expenses:						
Salaries, wages, & benefits	\$ 10,345,795	\$ 1,951,769	\$ 55,948	\$ -	\$ (1,951,769)	\$ 10,401,743
Production	1,122,138	-	-	-	-	1,122,138
Professional services	1,785,662	61,111	22,209	36,495	-	1,905,477
PBS & NPR dues	1,381,407	-	-	-	-	1,381,407
Contribution to supporting organization	1,494,472	-	-	-	(1,494,472)	-
Depreciation	1,110,728	248	-	-	-	1,110,976
Dues, professional affiliations	737,110	-	-	-	-	737,110
Occupancy	587,274	43,339	-	-	-	630,613
Printing and publications	470,940	-	-	-	-	470,940
Programming	324,423	-	-	-	-	324,423
Information technology	760,829	-	-	-	-	760,829
Bad debt expense	255,721	-	-	-	-	255,721
Repairs and maintenance	414,207	-	-	-	-	414,207
Utilities	250,922	-	-	-	-	250,922
Supplies & equipment	141,706	1,175	-	-	-	142,881
Marketing and public relations	384,497	-	-	-	-	384,497
Communications	131,197	2,373	-	-	-	133,570
Travel	170,412	1,524	-	-	-	171,936
Miscellaneous	70,499	1,824	-	177	-	72,500
Brokerage fees - UW buys	117,583	-	-	-	-	117,583
Conferences and meetings	78,855	38,034	-	-	-	116,889
Trades - in-kind	113,396	-	-	-	-	113,396
Vehicle expense	16,243	-	-	-	-	16,243
Premiums	22,881	-	-	-	-	22,881
Postage and shipping	14,476	-	-	-	-	14,476
Grant expense	-	5,924,289	-	-	(5,924,289)	-
Disposal of inventory	-	-	51,968	-	-	51,968
Impairment of intangible asset	-	-	81,230	-	-	81,230
Total expenses	22,303,373	8,025,686	211,355	36,672	(9,370,530)	21,206,556
Total change in net assets	(2,075,590)	7,299,892	133,655	(29,326)	(104,329)	5,224,302
Net assets at beginning of year	27,697,330	178,986,744	381,157	9,900,677	(10,281,834)	206,684,074
Distributions to member	-	-	(250,000)	-	250,000	-
Capital contribution	-	-	-	34,882,575	(34,882,575)	-
Net assets at end of year	\$ 25,621,740	\$ 186,286,636	\$ 264,812	\$ 44,753,926	\$ (45,018,738)	\$ 211,908,376

See independent auditor's report.