UPPER CUMBERLAND BROADCAST COUNCIL, INC.

JUNE 30, 2025 and 2024

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

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TAMARA L. BECKMAN, CPA
P.O. Box 405, 103 N. 3rd Street, Smithville, TN 37166
Phone: (615) 318-1821 Fax: (931) 899-1222

Tamara L. Beckman, CPA, MBA
beckmancpa.tamara@gmail.com

Sabrina Cantrell, Auditor
scantrell79@gmail.com

To the Board of Directors of
Upper Cumberland Broadcast Council, Inc.
Cookeville, Tennessee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion
I have audited the financial statements of Upper Cumberland Broadcast Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial positions of Upper Cumberland Broadcast Council, Inc., as of June 30, 2025 and 2024, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Upper Cumberland Broadcast Council, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, which raises substantial doubt about Upper Cumberland Broadcast Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards and State Financial Assistance, the Schedule of Changes in Long-Term Debt by Individual Issue, and the Schedule of Long-Term Debt, Principal and Interest Requirements to Maturity are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information presented is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introduction Section but does not include the financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Tamara L. Beckman, CPA

March 20, 2026
Smithville, Tennessee

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 and JUNE 30, 2024

ASSETS

	JUNE 30, 2025	JUNE 30, 2024
Current Assets		
Cash	$ 2,574,628	$ 2,383,149
Accounts Receivable	28,886	35,845
Grants Receivable	5,000	-
Other Receivables	-	-
Prepaid Expenses	4,680	13,404
Investments	775,363	700,486
Total Current Assets	3,388,558	3,132,884
Fixed Assets		
Land	23,300	23,300
Buildings	94,950	94,950
Leasehold Improvements	38,515	38,515
Equipment	6,747,491	6,747,491
Vehicles	72,451	68,526
Total Fixed Assets	6,976,707	6,972,782
Less: Accumulated Depreciation	(6,149,642)	(6,059,483)
Net Fixed Assets	827,065	913,299
Other Assets		
Deposits	12,600	12,600
Total Other Assets	12,600	12,600
Total Assets	$ 4,228,223	$ 4,058,783

LIABILITIES AND NET ASSETS

	JUNE 30, 2025	JUNE 30, 2024
Current Liabilities		
Accounts Payable	$ 18,530	$ 21,362
Accrued Payroll	33,341	30,502
Payroll Taxes Payable	2,401	2,108
Accrued Compensated Absences	39,091	47,784
Accrued Interest	504	551
Unearned Grant Revenue	822,531	822,531
Unearned Event Revenue	6,407	31,980
Unearned Rental Income - Current	3,704	3,704
Current Portion of Long-Term Debt	25,718	25,114
Total Current Liabilities	952,226	985,636
Long-Term Liabilities		
SBA - EIDL Loan	142,886	146,460
Noninterest Bearing Note - COMARK $268,000 less unamortized discount of $172,800 (net of current portion)	73,189	95,200
Unearned Rental Income - Deferred	26,235	29,939
Total Long-Term Liabilities	242,310	271,599
Total Liabilities	1,194,535	1,257,235
NET ASSETS		
With Donor Restrictions	584,930	517,659
Without Donor Restrictions, Board Reserved	3,821	1,617
Without Donor Restrictions	2,444,936	2,282,272
Total Net Assets	3,033,687	2,801,548
Total Liabilities and Net Assets	$ 4,228,223	$ 4,058,783

THE ACCOMPANYING NOTES ARE AN INTREGAL PART OF THE FINANCIAL STATEMENTS

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2025 and JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	June 30, 2025 Total	Without Donor Restrictions	With Donor Restrictions	June 30, 2024 Total
Revenues Gains and Other Support						
State of Tennessee - Appropriation	$ 430,793	$ -	$ 430,793	$ 464,126	$ -	$ 464,126
Corp. for Public Broadcasting:						
Community Service Grant	795,730	-	795,730	770,529	-	770,529
Interconnection Grant	12,631	-	12,631	12,670	-	12,670
Universal Service Support Grant	176,103	-	176,103	156,485	-	156,485
Federal Grants	150,575	-	150,575	127,014	-	127,014
Other Grants	131,398	-	131,398	271,917	-	271,917
Local Government	62,500	-	62,500	25,000	-	25,000
In-Kind	18,730	-	18,730	19,910	-	19,910
Fundraising Revenue	63,784		63,784	130,565	-	130,565
Royalties	1,794	-	1,794	-	-	-
Membership Revenue	337,129	-	337,129	291,776	-	291,776
Membership Endowment Income	-	17,166	17,166	-	22,397	22,397
Contributions	-	-	-	35,042	-	35,042
Underwriting Revenue	111,444	-	111,444	81,427	-	81,427
Academic Bowl	11,945	-	11,945	7,490	-	7,490
Broadcast Revenue	44,961	-	44,961	44,961	-	44,961
Engineering Services	-	-	-	-	-	-
Creative Services	126,960	-	126,960	148,460	-	148,460
Community Engagement	3,900	-	3,900	4,000	-	4,000
Rental Revenues	3,704	-	3,704	3,704	-	3,704
Interest Income	29,685	19,158	48,843	20,867	4,637	25,504
Net Realized and Unrealized Gains/(Losses) on Investments	17,541	35,026	52,567	4,323	46,396	50,719
Miscellaneous Income	-	-	-	500	-	500
Net Assets Released from Restrictions or Reclassifications of Net Assets	4,078	(4,078)	-	(37,578)	37,578	-
Total Revenues, Gains and Other Support	2,535,385	67,272	2,602,657	2,583,187	111,008	2,694,195
Expenses						
Program Service						
Production and Programming	715,003	-	715,003	778,036	-	778,036
Broadcast Engineering and Technical	553,515	-	553,515	728,743	-	728,743
Education and Outreach	243,856	-	243,856	287,181	-	287,181
Membership and Engagement	143,972	-	143,972	143,917	-	143,917
Total Program Expenses	1,656,346	-	1,656,346	1,937,878	-	1,937,878
Support Expenses						
Development and Fundraising	172,310	-	172,310	139,317	-	139,317
Management and General	541,861	-	541,861	516,997	-	516,997
Total Support Expenses	714,171	-	714,171	656,314	-	656,314
Total Expenses	2,370,517	-	2,370,517	2,594,191	-	2,594,191
Increase/(Decrease) in Net Assets	164,868	67,272	232,140	(11,004)	111,008	100,004
Net Assets at Beginning of Year	2,283,889	517,659	2,801,548	2,294,893	406,651	2,701,544
Net Assets at End of Year	$ 2,448,757	$ 584,930	$ 3,033,687	$ 2,283,889	$ 517,659	$ 2,801,548

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Production & Programming	Broadcast Engineering & Digital	Education & Outreach	Membership	Total Program Services	Development & Fundraising	Management & General	June 30 2025
Compensation & Related Expenses								
Compensation	$ 135,626	$ 238,607	$ 107,054	$ 30,940	$ 512,226	$ 105,097	$ 132,088	$ 749,411
Employee Benefits	12,502	23,304	9,915	5,259	50,980	11,200	16,987	79,167
Payroll Taxes	9,865	17,359	7,156	2,720	37,101	6,707	10,715	54,524
Total Compensation & Related Expenses	157,993	279,270	124,125	38,920	600,307	123,004	159,791	883,102
Supplies	938	1,821	34,663	1,059	38,480	1,187	2,994	42,661
Minor Equipment	4,073	11,060	600	-	15,733	155	200	16,087
Gas & Auto Expenses	413	3,696	827	-	4,935	24	572	5,531
Purchased and Professional Services	29,017	72,930	67,632	85,321	254,899	23,165	151,413	429,477
Printing & Publications	25,397	906	1,435	214	27,952	3,262	2,295	33,508
Communications & Utilities	2,114	151,305	897	-	154,316	3,383	9,565	167,264
Special Events	-	-	-	-	-	2,500	-	2,500
Programming	468,870	-	-	-	468,870	-	-	468,870
Rent	8,195	5,885	7,399	1,968	23,447	13,020	4,742	41,208
Maintenance	51	9,834	-	395	10,280	-	513	10,793
Membership Fees & Dues	17,833	14,845	1,595	84	34,357	628	41,744	76,729
Meetings, Conferences & Travel	-	218	3,713	5,535	9,466	500	10,510	20,477
Postage & Shipping	-	1,746	-	2,049	3,795	13	859	4,667
Premium Expense	-	-	-	8,429	8,429	-	-	8,429
Insurance	-	-	-	-	-	-	40,898	40,898
In-Kind Donations	-	-	-	-	-	-	18,730	18,730
Advertising	-	-	250	-	250	221	-	471
Interest	-	-	-	-	-	-	6,775	6,775
Uncollectible Accounts	-	-	-	-	-	1,250	-	1,250
Depreciation Expense	-	-	-	-	-	-	90,159	90,159
Miscellaneous	109	-	721	-	830	-	100	931
Total Expenses	$ 715,003	$ 553,515	$ 243,856	$ 143,972	$ 1,656,346	$ 172,310	$ 541,861	$ 2,370,517

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Production & Programming	Broadcast Engineering & Digital	Education & Outreach	Membership & Engagement	Total Program Services	Development & Fundraising	Management & General	June 30 2024
Compensation & Related Expenses								
Compensation	$ 117,827	$ 257,313	$ 97,065	$ 37,461	$ 509,667	$ 64,686	$ 143,636	$ 717,989
Employee Benefits	16,714	15,329	5,743	4,478	42,263	9,096	13,224	64,584
Payroll Taxes	8,607	18,315	6,607	2,786	36,314	5,263	10,685	52,262
Total Compensation & Related Expenses	143,148	290,957	109,415	44,724	588,245	79,045	167,545	834,835
Supplies	1,409	3,292	42,443	452	47,597	6,663	3,345	57,604
Minor Equipment	9,328	9,337	11	-	18,676	-	224	18,900
Gas & Auto Expenses	463	745	1,386	-	2,593	180	1,079	3,853
Purchased and Professional Services	51,838	245,905	68,089	78,818	444,651	20,402	87,773	552,826
Printing & Publications	31,433	135	636	277	32,480	2,706	918	36,104
Communications & Utilities	1,704	128,435	817	-	130,956	2,922	9,425	143,303
Special Events	1,010	123	1,746	8,644	11,523	10,102	55	21,680
Programming	440,299	-	-	-	440,299	-	-	440,299
Rent	9,411	11,895	8,799	-	30,105	10,727	4,612	45,443
Maintenance	-	5,123	-	-	5,123	-	439	5,562
Membership Fees & Dues	31,506	12,323	100	-	43,928	3,459	61,122	108,510
Meetings, Conferences & Travel	6,237	4,326	6,850	-	17,413	338	13,204	30,955
Postage & Shipping	-	1,958	666	874	3,498	110	20	3,628
Premium Expense	-	-	-	10,116	10,116	-	-	10,116
Insurance	-	-	-	-	-	988	33,704	34,692
In-Kind Donations	-	-	-	-	-	-	19,910	19,910
Advertising	-	-	-	-	-	1,361	-	1,361
Interest	-	-	-	-	-	-	7,445	7,445
Depreciation Expense	-	-	-	-	-	-	106,090	106,090
Passthrough Grant Expense	-	14,189	46,125	-	-	-	-	60,314
Miscellaneous	50,251	-	98	11	50,361	314	86	50,761
Total Expenses	$ 778,036	$ 728,743	$ 287,181	$ 143,917	$ 1,877,564	$ 139,317	$ 516,997	$ 2,594,191

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2025 and JUNE 30, 2024

	JUNE 30, 2025	JUNE 30, 2024
Cash Flows From Operating Activities		
Cash received for operating	$ 2,552,049	$ 3,611,249
Cash paid to/for employees for operating	(888,665)	(853,813)
Cash paid to vendors for operating	(1,420,688)	(1,706,457)
Total Cash Flows Provided by/(Used by) Operating Activities	242,697	1,050,979
Cash Flows From Investing Activities		
Purchase of Equipment	(3,925)	(17,222)
Transfer to Investments	(22,311)	(68,448)
Total Cash Flows Provided by/(Used by) Investing Activities	(26,236)	(85,671)
Cash Flows From Financing Activities		
Payments on Long-term Debt	(24,981)	(24,197)
Total Cash Flows Provided by/(Used by) Financing Activities	(24,981)	(24,197)
Net Increase/(Decrease) in Cash Flows	191,479	941,111
Cash and Cash equivalents - Beginning of Year	2,383,149	1,442,038
Cash and Cash equivalents - End of Year	$ 2,574,628	$ 2,383,149

Reconciliation of Net Increase (Decrease) in Net Assets to Net Cash Provided by (Used by) Operating Activities

	JUNE 30, 2025	JUNE 30, 2024
Increase (Decrease) in Net Assets	$ 232,140	$ 100,004
Depreciation Expense	90,159	106,090
Net Investment (Gains)/Losses (net of fees)	(52,567)	(50,719)
Other Non-Cash Transactions	-	-
(Increase) Decrease in Net Assets:		
Receivables	1,959	185,375
Prepaid Expenses	8,724	3,408
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(2,832)	(45,180)
Accrued Compensated Absences	(8,694)	6,567
Accrued Payroll	2,839	3,588
Accrued Payroll Taxes	293	172
Accrued Interest	(47)	(47)
Unearned Revenues	(29,277)	741,894
Payroll Deductions Payable	-	(172)
Net Cash Provided by (Used by) Operating Activities	$ 242,697	$ 1,050,979

Supplemental Disclosure of Cash Flow Information:
Cash paid during the year for interest was $6,822 and $7,492 respectively, none of which was capitalized.

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Upper Cumberland Broadcast Council, Inc. (the Council) (WCTE-TV) is a PBS affiliated television station serving the Upper Cumberland region. On January 16, 1986, the Tennessee State Board of Education transferred to the Council all its rights to the Federal Communication Broadcast License in accordance with Chapter 514 of the Tennessee Public Broadcast Act of 1983. No value was assigned by the Council. The Council serves the citizens of the Upper Cumberland region by providing diversified programming and quality instructional programs. The Council's support comes primarily from federal and state government grants and various corporate and individual donors and memberships.

Program Services

Production & Programming – Upper Cumberland Broadcast Council, Inc. has an advisory board which aids the production and programming departments in producing and selecting the programming that will be aired on Upper Cumberland Broadcast Council, Inc. and additional media platforms.

Broadcast Engineering & Digital – Deals with the technical side of broadcasting including keeping the equipment running and seeing that the programming is on schedule.

Education & Outreach – "Upper Cumberland Broadcast Council, Inc.'s educational mission is to make sure all children enter school, graduate and develop a love of learning so they can become life-long learners."

Development & Membership – Upper Cumberland Broadcast Council, Inc. encourages viewers to become members. At the $60-dollar annual membership level or $5 per month (sustainer) amount members receive Upper Cumberland Broadcast Council, Inc. PBS Passport. Passport is an on-demand library of content accessible through the PBS app or pbs.org localized to the Upper Cumberland Broadcast Council, Inc. website. Upper Cumberland Broadcast Council, Inc. also hosts special events for support. Companies can also support Upper Cumberland Broadcast Council, Inc. through program sponsorships.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require Upper Cumberland Broadcast Council, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

- **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of Upper Cumberland Broadcast Council, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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

Public Support and Revenues
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other restricted donor contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Income Taxes
The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Upper Cumberland Broadcast Council, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has a nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Cash and Cash Equivalents
Upper Cumberland Broadcast Council, Inc.'s cash consists of cash on deposit with banks. For the purpose of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables and Uncollectible Accounts
Receivables consist of amounts due currently from members and sponsors and grantors. Management uses the direct write-off method for bad debts in which the bad debt is written off when it is determined to be uncollectible.

Functional Expenses
The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management based on location and time spent.

Advertising
Advertising is expensed as incurred. Advertising expenses as of June 30, 2025 and 2024 were $471 and $1,361, respectively.

Property and Equipment

It is the Council's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassified net assets with restrictions to net assets without restrictions at that time.

Depreciation is calculated using the straight-line method and half-year convention over the following estimated useful lives:

Buildings	30 years
Leasehold Improvements	10 years
Vehicles	5 years
Furniture, Fixtures and Equipment	3-30 years

Compensated Absences

Employees of the Organization are entitled to be paid for unused vacation days upon termination and retirement. The Organization accrues a liability for vacation at fiscal year-end.

Fair Value Measures

The Organization reports its fair value measures using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under GAAP are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity).

Investments

Investments in marketable securities are stated at fair value in the statements of financial position. The fair value of equity securities is determined based upon quoted prices in active markets.

(Level 1 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statements of activities as net realized and unrealized gains (losses) on investments. Estimated fair value has not decreased substantially from the reported value as of the report date.

Note 2 – Savings Incentive Match

Upper Cumberland Broadcast Council, Inc. offers up to a 3% match of employee wage contribution for a simple IRA fund if the employee is eligible. To be eligible, the employee must have earned at least $5,000 in the prior two years and must be expected to earn $5,000 in the current year. The Council's contributions for the year ended June 30, 2025 and 2024 were $16,756 and $16,010, respectively.

Note 3 – Property & Equipment

The following is a summary of property & equipment as of June 30, 2025 and 2024:

	2025	2024
Property and Equipment:		
Assets not being depreciated:		
Land	$ 23,300	$ 23,300
Assets being depreciated:		
Building & Leasehold Improvements	133,465	133,465
Broadcast Equipment	6,747,491	6,747,491
Vehicles	72,451	68,526
	6,976,707	6,972,782
Accumulated Depreciation	(6,149,642)	(6,059,483)
Total Property & Equipment	$ 827,065	$ 913,299

Note 4 – Line of Credit

The Council has a $250,000 unsecured bank line of credit with First Horizon Bank National Association. Total interest paid and accrued on the loan during the year amounted to $0.00. The line of credit bears interest at 1% above the lender's base commercial rate index. No activity was recorded for the line of credit for this or the last fiscal year.

Note 5 - Concentration of Credit Risk

The Council receives approximately 70% of its revenues from grant funding sources. The Council must make an annual application for these funds and no guarantee exists that these funds will be received.

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash, marketable securities, and receivables.

The Council maintains its cash accounts in commercial banks located in Tennessee. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. Amounts on deposit at various times throughout the year in a single financial institution exceeded the $250,000 federally insured limit. On June 30, 2025 and 2024, deposits at First Horizon Bank exceeded the FDIC limit in the amount of $2,236,205 and $2,051,876, respectively.

The Organization's 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 of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. Management believes that the Council is not exposed to any significant credit risk related to the above accounts and therefore does not require any collateral or other security.

Accounts and other receivables are due from a variety of sources concentrated primarily within Tennessee.

Note 6 – Unearned Rental Income

The Council entered into a couple of leases over the years in which the rent was paid with a lump-sum-up-front payment. The Council has shown these amounts as liabilities and has been recognizing the income ratably over the years. Rental income recognized for the fiscal year ending June 30, 2025 and 2024 were $3,704 and $3,704, respectively.

Note 7 – Donated Materials, Facilities and Services

Contributions received are recorded as net assets with restrictions or net assets without restrictions depending on the existence or nature of any donor restrictions.

The Council utilizes facilities from The Arcade Building. These facilities consist of office and studio space. All rent and utilities are paid except $500 per month which is donated to the Organization. In October 2020, Arcade Properties donated storage space in the amount of $200/month.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recorded $18,730 and $19,910 in donated services in the years ended June 30, 2025 and 2024, respectively, all of which was charged to management and general expenses. Additionally, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but those services did not meet the criteria for recognition and have not been recognized in these financial statements.

Note 8 – Long-Term Debt

Long-term debt consists of the following on June 30, 2025:

Note payable to Hitachi Kokusai Electric Comark LLC, non-interest bearing note issued in connection with acquisition of equipment, due August 2029 (discount is based on imputed interest rate of 2.336%)

Maturities of the note payable are as follows:

Years ending June 30,	Unamortized Discount	Principal	Total Payment
2026	1,989	22,011	24,000
2027	1,469	22,531	24,000
2028	937	23,063	24,000
2029	394	23,606	24,000
2030	11	3,989	4,000
Thereafter	-	-	-
Totals	$ 4,800	$ 95,200	$ 100,000

Note payable to the Small Business Administration, with an interest rate of 2.75%, beginning July 1, 2020. Interest only was accrued until the Council began making principal and interest payments on April 1, 2022. The term of the note payable is 360 months with monthly payments of $641. The final maturity date of the loan is June 2052.

Maturities of the note payable are as follows:

Years ending June 30,	Interest	Principal	Total Payment
2026	3,985	3,707	7,692
2027	3,882	3,810	7,692
2028	3,775	3,917	7,692
2029	3,666	4,026	7,692
2030	3,554	4,138	7,692
Thereafter	42,474	126,995	169,469
Totals	$ 61,336	$ 146,593	$ 207,929

Changes to Long-Term Debt during the current fiscal year are summarized as follows:

	Beginning Balance 6/30/2024	New Loans Issued	Principal Paid	Ending Balance 6/30/2025	Current Portion
Comark - Note Payable	$ 116,702	$ -	$ 21,502	$ 95,200	$ 22,011
SBA Loan	150,071	-	3,478	146,593	3,707
	$ 266,773	$ -	$ 24,980	$ 241,793	$ 25,718

Interest expense totaled $6,775 and $7,445 for the years ended June 30, 2025 and 2024, respectively.

Note 9 – Operating Lease Commitments

The Council was obligated under a non-cancelable lease for office equipment from R.J. Young in approximate annual amounts.

Minimum lease expenses were $4,064 and $4,064 for the fiscal years ended June 30, 2025 and 2024, respectively. This lease expired in April 2023 and payments are being made month to month and the lease is classified as an operating lease.

Note 11 – Other Commitments and Contingencies

Certain contracts and grants received by the Organization are subject to audit or review by the grantor/payer agencies. Because of these audits or reviews, the Organization may be required to repay a portion of grant or contract funds received. Management does not believe any liability related to its grants and contracts would be material and thus is only recorded when it is deemed an amount must be paid back. Unearned grant revenue at June 30, 2025 and June 30, 2024 includes $800,000 received as a State of TN appropriation that remains unspent at June 30, 2025 and 2024 and $22,531 in unspent grant funds from the Corporation for Public Broadcasting for the "Over The Air" project.

Note 12 – Endowment Fund

The Board of Directors established an Endowment Fund from the *Strategic Planning Fund* which is a "board reserve" account of net assets without restrictions. The endowment fund is permanently restricted, up to a fully funded amount of $1,000,000. It is the goal of this endowment to meet annual inflation plus a minimum of 5% per year, over a complete market cycle (usually 5-8 years), the fund's overall annualized total return (income plus appreciation) after deducting for advisory, money management, and custodial fees, as well as total transaction costs. The endowment will also accept donor-restricted gifts of $25,000 or more. These gifts may be classified as temporarily restricted unless the gift is given to increase the endowment balance itself.

Note 13 – Tower Rental

The Organization receives revenue for tower rental classified under ASC 842 as operating leases.

The future minimum rental income payments under operating leases for the next five years are as follows:

Fiscal Year	Air Methods	UCEMC	Zimmer	Wireless Solutions	MTNG	Total Rental
2026	3,600	3,600	26,061	2,400	9,300	44,961
2027	3,600	3,600	26,061	2,400	9,300	44,961
2028	3,600	3,600	26,061	2,400	9,300	44,961
2029	3,600	3,600	26,061	2,400	9,300	44,961
2030	3,600	3,600	26,061	2,400	9,300	44,961
Total Rental	$ 18,000	$ 18,000	$ 130,305	$ 12,000	$ 46,500	$ 224,805

Note 14 – Fair Value Measurement

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2025 and 2024:

	Level 1	Level 2	Level 3
2025			
U.S. Corporate Equities	$ 107,766	$ -	$ -
Mutual Funds	-	-	-
Exchange Traded Funds (ETF)	352,884	-	-
Bond Funds	275,036	-	-
Cash & Cash Alternatives	39,676	-	-
Total	$ 775,363	$ -	$ -
2024			
U.S. Corporate Equities	$ 100,949	$ -	$ -
Mutual Funds	22,763	-	-
Exchange Traded Funds (ETF)	312,167	-	-
Bond Funds	262,483	-	-
Cash & Cash Alternatives	2,124	-	-
Total	$ 700,486	$ -	$ -

Determinations of transfers between levels are made on June 30 of each fiscal year. There were no transfers during either year.

Investments earned the following:

	2025	2024
Interest and dividends	$ 48,843	$ 25,504
Unrealized gains (losses)	34,882	37,533
Realized gains (losses)	17,684	13,186
	$ 101,409	$ 76,224

Note 15 – Subsequent Events

Subsequent events have been evaluated for accrual and/or disclosure through March 20, 2026, the date in which the financial statements were available to be issued. Due to the passage of the Rescissions Act of 2025, the Corporation for Public Broadcasting (CPB) lost its federal funding and will no longer distribute federal grants to public media stations. This will significantly affect the grant funds the Organization receives beginning in the next fiscal year ending June 30, 2026.

Note 16 – Consideration of Going Concern

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, which raises substantial doubt about Upper Cumberland Broadcast Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. The issue of the decrease in grant funding due to the Corporation for Public Broadcasting (CPB) no longer distributing federal grants remains an important issue for the Organization. Following the loss of federal funding, Upper Cumberland Broadcasting Council, Inc. remains committed to its mission of serving the Upper Cumberland with trusted educational and public service programming. The station is actively pursuing a diversified funding strategy that includes increased community support, corporate underwriting, grants and strategic partnerships. Through careful financial stewardship and community engagement, Upper Cumberland Broadcasting Council is focused on maintaining long-term sustainability while continuing to provide high-quality content and services to the region.

Note 17 – Liquidity

The following represents Upper Cumberland Broadcast Council, Inc.'s financial assets at June 30, 2025:

	June 30, 2025	June 30, 2024
Financial assets at yearend:		
Cash and cash equivalents	$ 2,574,628	$ 2,383,149
Investments	775,363	700,486
Receivables	33,886	35,845
Prepaid expenses	4,680	13,404
Total financial assets	3,388,557	3,132,884
Less: Amounts not available to be used within one year:		
Cash (Board Reserve)	3,821	1,617
Net assets with donor restrictions	584,930	517,659
Total Amounts not available	588,751	519,276
Financial assets available to meet general expenditures over the next twelve months:	$ 2,799,806	$ 2,613,608

The Strategic Fund money market account in the amount of $3,821 and $1,617 for June 30, 2025 and 2024, respectively, is board reserved. The Schwab money market account consists of a restricted donation for education in the amount of $84,603 and $79,656. Investments include the rest of the endowment in the amount of $469,742 and $410,092 for June 30, 2025 and 2024, respectively, and temporarily restricted donations to a building fund in the amount of $30,585 and $27,911 for June 30, 2025 and 2024, respectively. The board reserve and other restricted amounts are not available to use for general operating expenditures. However, the board designated amounts may be made available, if necessary. As part of the Organization's liquidity management plan, it structures its financial assets to be available as its obligations come due.

Note 18 - Net Assets Classifications

The following is the breakdown of Net Assets as of June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Permanently Restricted		
Investments - Endowment for Education (up to $1M Fully Funded Amount)	$ 469,742	$ 410,092
Temporarily Restricted		
Schwab MM - Donation for Education	84,603	79,656
Building Fund	30,585	27,911
	115,188	107,567
Total Restricted Funds	584,930	517,659
Unrestricted Board Reserved		
Strategic Funds MM - Donations	3,821	1,617
Other Unrestricted Funds	2,444,936	2,277,861
Total Net Assets	$ 3,033,687	$ 2,797,137

UPPER CUMBERLAND BROADCAST COUNCIL, INC.

SUPPLEMENTARY INFORMATION

JUNE 30, 2025 and 2024

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor	CFDA Number	Program	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards					
Department of Health & Human Services Passthrough UCDD - UCHRA Empower Upper Cumberland	93.558	TANF - Temporary Assistance for Needy Families	N/A	-	150,575.14
TOTAL FEDERAL AWARDS				-	150,575.14
State Financial Assistance					
Tennessee General Assembly		Appropriations - Education	(Note 4)	-	430,793.00
TOTAL STATE FINANCIAL ASSISTANCE				-	430,793.00
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				$ -	$ 581,368.14

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "schedule) includes the federal award activity of Upper Cumberland Broadcast Council, Inc. under programs of the federal government for the year ended June 30, 2025. Because the Schedule presents only a selected portion of the operations of Upper Cumblerland Broadcast Council, Inc. and it is not intended to does not present the financial position, changes in net assets, or cash flows of Upper Cumberland Broadcast Council, Inc.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein reimbursement. certain types of expenditures are not allowable or are limited as far as reimbursement.

Note 3: Indirect Cost Rate

Upper Cumberland Broadcast Council, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Deferred Appropriations

$800,000 of direct appropriations received in the June 30, 2024 fiscal year are still reported in Deferred Grant Income.

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2025 and JUNE 30, 2024

Changes to Long-Term Debt during the current fiscal year are summarized as follows:

	Original Amount of Issue	Interest Rate	Date of Issuance	Final Maturity Date
Comark Loan	$ 288,000	2.336%	8/1/2017	8/1/2029
SBA Loan	150,000	2.75%	7/1/2020	6/1/2052
Total	$ 438,000			

JUNE 30, 2024	Beginning Balance 7/1/2024	Amount Issued	Amounts Paid/ Matured	Ending Balance 6/30/2025
Comark Loan	$ 116,703	$ -	$ 21,503	$ 95,200
SBA Loan	150,071	-	3,478	146,593
Total	$ 266,774	$ -	$ 24,981	$ 241,793

Changes to Long-Term Debt during the prior fiscal year are summarized as follows:

JUNE 30, 2024	Beginning Balance 7/1/2023	Amount Issued	Amounts Paid/ Matured	Ending Balance 6/30/2024
Comark Loan	$ 137,709	$ -	$ 21,007	$ 116,703
SBA Loan	153,262	-	3,191	150,071
Total	$ 290,971	$ -	$ 24,198	$ 266,774

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT, PRINCIPAL AND INTEREST PAYMENTS TO MATURITY
JUNE 30, 2025

Years ending	Comark Loan			SBA Loan			Total Loans		
June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	22,011	1,989	24,000	3,711	3,981	7,692	25,722	5,970	31,692
2027	22,531	1,469	24,000	3,814	3,878	7,692	26,345	5,347	31,692
2028	23,063	937	24,000	3,920	3,772	7,692	26,983	4,709	31,692
2029	23,607	393	24,000	4,030	3,662	7,692	27,637	4,055	31,692
2030	3,989	12	4,000	4,142	3,550	7,692	8,131	3,562	11,692
2031	-	-	-	4,257	3,435	7,692	4,257	3,435	7,692
2032	-	-	-	4,376	3,316	7,692	4,376	3,316	7,692
2033	-	-	-	4,498	3,194	7,692	4,498	3,194	7,692
2034	-	-	-	4,623	3,069	7,692	4,623	3,069	7,692
2035	-	-	-	4,752	2,940	7,692	4,752	2,940	7,692
2036	-	-	-	4,884	2,808	7,692	4,884	2,808	7,692
2037	-	-	-	5,020	2,672	7,692	5,020	2,672	7,692
2038	-	-	-	5,160	2,532	7,692	5,160	2,532	7,692
2039	-	-	-	5,303	2,389	7,692	5,303	2,389	7,692
2040	-	-	-	5,451	2,241	7,692	5,451	2,241	7,692
2041	-	-	-	5,603	2,089	7,692	5,603	2,089	7,692
2042	-	-	-	5,759	1,933	7,692	5,759	1,933	7,692
2043	-	-	-	5,919	1,773	7,692	5,919	1,773	7,692
2044	-	-	-	6,084	1,608	7,692	6,084	1,608	7,692
2045	-	-	-	6,254	1,438	7,692	6,254	1,438	7,692
2046	-	-	-	6,428	1,264	7,692	6,428	1,264	7,692
2047	-	-	-	6,607	1,085	7,692	6,607	1,085	7,692
2048	-	-	-	6,791	901	7,692	6,791	901	7,692
2049	-	-	-	6,980	712	7,692	6,980	712	7,692
2050	-	-	-	7,174	518	7,692	7,174	518	7,692
2051	-	-	-	7,374	318	7,692	7,374	318	7,692
2052	-	-	-	7,679	13	7,692	7,679	13	7,692
Total	$ 95,200	$ 4,801	$ 100,000	$ 146,593	$ 61,091	$ 207,684	$ 241,793	$ 65,891	$ 307,684

UPPER CUMBERLAND BROADCAST COUNCIL, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT, PRINCIPAL AND INTEREST PAYMENTS TO MATURITY
JUNE 30, 2024

Years ending	Comark Loan			SBA Loan			Total Loans		
June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	21,503	2,497	24,000	3,611	4,081	7,692	25,114	6,578	31,692
2026	22,011	1,989	24,000	3,711	3,981	7,692	25,722	5,970	31,692
2027	22,531	1,469	24,000	3,814	3,878	7,692	26,345	5,347	31,692
2028	23,063	937	24,000	3,920	3,772	7,692	26,983	4,709	31,692
2029	23,607	393	24,000	4,030	3,662	7,692	27,637	4,055	31,692
2030	3,988	12	4,000	4,142	3,550	7,692	8,130	3,562	11,692
2031	-	-	-	4,257	3,435	7,692	4,257	3,435	7,692
2032	-	-	-	4,376	3,316	7,692	4,376	3,316	7,692
2033	-	-	-	4,498	3,194	7,692	4,498	3,194	7,692
2034	-	-	-	4,623	3,069	7,692	4,623	3,069	7,692
2035	-	-	-	4,752	2,940	7,692	4,752	2,940	7,692
2036	-	-	-	4,884	2,808	7,692	4,884	2,808	7,692
2037	-	-	-	5,020	2,672	7,692	5,020	2,672	7,692
2038	-	-	-	5,160	2,532	7,692	5,160	2,532	7,692
2039	-	-	-	5,303	2,389	7,692	5,303	2,389	7,692
2040	-	-	-	5,451	2,241	7,692	5,451	2,241	7,692
2041	-	-	-	5,603	2,089	7,692	5,603	2,089	7,692
2042	-	-	-	5,759	1,933	7,692	5,759	1,933	7,692
2043	-	-	-	5,919	1,773	7,692	5,919	1,773	7,692
2044	-	-	-	6,084	1,608	7,692	6,084	1,608	7,692
2045	-	-	-	6,254	1,438	7,692	6,254	1,438	7,692
2046	-	-	-	6,428	1,264	7,692	6,428	1,264	7,692
2047	-	-	-	6,607	1,085	7,692	6,607	1,085	7,692
2048	-	-	-	6,791	901	7,692	6,791	901	7,692
2049	-	-	-	6,980	712	7,692	6,980	712	7,692
2050	-	-	-	7,174	518	7,692	7,174	518	7,692
2051	-	-	-	7,374	318	7,692	7,374	318	7,692
2052	-	-	-	7,546	112	7,658	7,546	112	7,658
Total	$ 116,702	$ 7,298	$ 124,000	$ 150,071	$ 65,271	$ 215,342	$ 266,774	$ 72,569	$ 339,342