

WQED Multimedia & Subsidiary
Pittsburgh, Pennsylvania

Consolidated Financial Statements
For the years ended September 30, 2025 and 2024
and Independent Auditor's Report Thereon



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Independent Auditor's Report

Board of Trustees
WQED Multimedia & Subsidiary
Pittsburgh, Pennsylvania, United States of America

Opinion

We have audited the consolidated financial statements of WQED Multimedia & Subsidiary (the Organization), which comprise the consolidated statements of financial position as of September 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 of America, 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 the Organization's ability to continue as a going concern within one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Schneider Downs & Co, Inc.

Pittsburgh, Pennsylvania

January 26, 2026

WQED Multimedia & Subsidiary

Consolidated Statements of Financial Position As of September 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 1,250,745	\$ 294,026
Accounts receivable, net	279,283	445,574
Grants receivable	424,653	2,395,411
Investments	21,306,315	19,726,025
Prepaid expenses	179,093	289,736
Property, plant and equipment	3,260,430	3,493,980
Right-of-use assets, operating leases	112,588	98,146
Total assets	\$ 26,813,107	\$ 26,742,898
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,019,852	\$ 1,886,403
Operating lease liabilities	112,588	98,146
Deferred revenue	17,552	12,957
Total liabilities	1,149,992	1,997,506
Net assets		
Net assets without donor restrictions	13,008,380	12,876,499
Net assets with donor restrictions	12,654,735	11,868,893
Net assets	25,663,115	24,745,392
Total liabilities and net assets	\$ 26,813,107	\$ 26,742,898

See accompanying notes to consolidated financial statements.

WQED Multimedia & Subsidiary

Consolidated Statements of Activities
For the years ended September 30, 2025 and 2024

	Without Donor Restriction 2025	With Donor Restriction 2025	2025	Without Donor Restriction 2024	With Donor Restriction 2024	2024
Contributed income:						
Membership	\$ 6,649,521	\$ -	\$ 6,649,521	\$ 5,825,903	\$ -	\$ 5,825,903
Government grants and contributions	111,161	1,233,397	1,344,558	33,566	2,924,062	2,957,628
Foundation grants and contributions	375,696	215,000	590,696	180,090	248,000	428,090
Corporate grants and contributions	1,389	10,000	11,389	77,532	40,000	117,532
Contributed nonfinancial assets	335,000	-	335,000	335,000	-	335,000
Other:						
Sales and underwriting	716,123	366,000	1,082,123	729,115	585,482	1,314,597
Distribution, royalties and ancillary services	1,491,507	-	1,491,507	1,253,821	-	1,253,821
Investment income	436,430	1,694,969	2,131,399	1,155,566	2,376,318	3,531,884
Other	1,442,164	5,000	1,447,164	152,049	-	152,049
Net assets released from restriction	2,738,524	(2,738,524)	-	5,009,806	(5,009,806)	-
Total contributed income and other	14,297,515	785,842	15,083,357	14,752,448	1,164,056	15,916,504
Expenses:						
Salaries and benefits	6,318,149	-	6,318,149	6,497,580	-	6,497,580
Legal and consulting	2,098,810	-	2,098,810	1,825,681	-	1,825,681
Program acquisition	1,810,773	-	1,810,773	1,955,609	-	1,955,609
Occupancy	1,049,281	-	1,049,281	894,247	-	894,247
Depreciation and amortization	615,880	-	615,880	660,816	-	660,816
Equipment repair and maintenance	560,069	-	560,069	486,590	-	486,590

See accompanying notes to consolidated financial statements.

WQED Multimedia & Subsidiary

Consolidated Statements of Activities
For the years ended September 30, 2025 and 2024

	Without		Without		Without		2024
	Donor Restriction 2025	With Donor Restriction 2025	2025	Donor Restriction 2024	With Donor Restriction 2024	2024	
Supplies	\$ 548,909	\$ -	\$ 548,909	\$ 593,719	\$ -	\$ 593,719	
Production freelance and outside services	204,560	-	204,560	174,601	-	174,601	
Service charges and bank fees	280,893	-	280,893	237,460	-	237,460	
Telephone	168,328	-	168,328	160,656	-	160,656	
Accounting fees	149,324	-	149,324	140,129	-	140,129	
PBS affiliation fees and other dues	94,998	-	94,998	135,295	-	135,295	
Postage and shipping	68,551	-	68,551	55,949	-	55,949	
Travel and training	66,786	-	66,786	153,601	-	153,601	
Trade expenses	65,045	-	65,045	70,635	-	70,635	
Advertising and promotion	34,202	-	34,202	161,865	-	161,865	
Story, music and talent rights	25,111	-	25,111	49,571	-	49,571	
Printing and publication	5,965	-	5,965	56,656	-	56,656	
Total expenses	14,165,634	-	14,165,634	14,310,660	-	14,310,660	
Changes in net assets	131,881	785,842	917,723	441,788	1,164,056	1,605,844	
Net assets at beginning of year	12,876,499	11,868,893	24,745,392	12,434,711	10,704,837	23,139,548	
Net assets at end of year	\$13,008,380	\$12,654,735	\$25,663,115	\$12,876,499	\$11,868,893	\$24,745,392	

See accompanying notes to consolidated financial statements.

WQED Multimedia & Subsidiary

Consolidated Statements of Functional Expenses For the years ended September 30, 2025 and 2024

		TV 2025	FM 2025	Education 2025	Total Program Activities 2025	General and Administrative 2025	Fundraising Costs 2025	Total Supporting Activities 2025	2025
Salaries and benefits	\$	1,985,804	\$ 819,724	\$ 1,550,689	\$ 4,356,217	\$ 1,318,947	\$ 642,985	\$ 1,961,932	\$ 6,318,149
Legal and consulting		739,489	502,813	258,569	1,500,871	348,465	249,474	597,939	2,098,810
Program acquisition		1,667,246	117,634	-	1,784,880	-	25,893	25,893	1,810,773
Occupancy		428,013	27,806	2,095	457,914	591,367	-	591,367	1,049,281
Depreciation and amortization		193,901	80,041	151,415	425,357	127,740	62,783	190,523	615,880
Equipment repair and maintenance		214,174	14,998	7,293	236,465	302,309	21,295	323,604	560,069
Supplies		31,047	8,565	231,243	270,855	63,238	214,816	278,054	548,909
Production freelance and outside services		198,829	799	-	199,628	3,230	1,702	4,932	204,560
Service charges and bank fees		7,072	8,250	5,056	20,378	109,421	151,094	260,515	280,893
Telephone		78	2,048	828	2,954	45,152	120,222	165,374	168,328
Accounting fees		-	-	-	-	149,324	-	149,324	149,324
PBS affiliation fees and other duties		5,211	11,315	21,026	37,552	50,827	6,619	57,446	94,998
Postage and shipping		46	219	7,548	7,813	1,984	58,754	60,738	68,551
Travel and training		7,400	4,566	35,210	47,176	15,400	4,210	19,610	66,786
Trade expenses		-	60,045	-	60,045	5,000	-	5,000	65,045
Advertising and promotion		-	8,205	13,955	22,160	7,926	4,116	12,042	34,202
Story, music and talent rights		24,897	-	-	24,897	-	214	214	25,111
Printing and publication		2,958	1,479	1,479	5,916	49	-	49	5,965
Total expenses	\$	5,506,165	\$ 1,668,507	\$ 2,286,406	\$ 9,461,078	\$ 3,140,379	\$ 1,564,177	\$ 4,704,556	\$ 14,165,634

See accompanying notes to consolidated financial statements.

WQED Multimedia & Subsidiary

Consolidated Statements of Functional Expenses For the years ended September 30, 2025 and 2024

		TV 2024	FM 2024	Education 2024	Total Program Activities 2024	General and Administrative 2024	Fundraising Costs 2024	Total Supporting Activities 2024	2024							
Salaries and benefits	\$	2,503,812	\$	800,237	\$	1,340,814	\$	4,644,863	\$	1,068,684	\$	784,033	\$	1,852,717	\$	6,497,580
Legal and consulting		606,708		403,835		182,712		1,193,255		437,145		195,281		632,426		1,825,681
Program acquisition		1,802,060		127,656		-		1,929,716		-		25,893		25,893		1,955,609
Occupancy		479,748		27,115		350		507,213		384,634		2,400		387,034		894,247
Depreciation and amortization		254,642		81,386		136,363		472,391		108,687		79,738		188,425		660,816
Equipment repair and maintenance		232,938		2,889		16,632		252,459		214,538		19,593		234,131		486,590
Supplies		61,670		5,333		205,456		272,459		10,517		310,743		321,260		593,719
Production freelance and outside services		87,085		6,481		8,176		101,742		12,460		60,399		72,859		174,601
Service charges and bank fees		12,859		27,539		34,195		74,593		19,447		143,420		162,867		237,460
Telephone		14,664		14,238		4,500		33,402		30,292		96,962		127,254		160,656
Accounting fees		-		-		-		-		140,129		-		140,129		140,129
PBS affiliation fees and other duties		5,074		11,719		17,633		34,426		60,455		40,414		100,869		135,295
Postage and shipping		157		219		7,315		7,691		12,106		36,152		48,258		55,949
Travel and training		27,840		4,786		55,478		88,104		38,077		27,420		65,497		153,601
Trade expenses		16,085		54,550		-		70,635		-		-		-		70,635
Advertising and promotion		46,031		7,697		81,004		134,732		10,462		16,671		27,133		161,865
Story, music and talent rights		49,571		-		-		49,571		-		-		-		49,571
Printing and publication		5,790		1,993		36,398		44,181		10,591		1,884		12,475		56,656
Total expenses	\$	6,206,734	\$	1,577,673	\$	2,127,026	\$	9,911,433	\$	2,558,224	\$	1,841,003	\$	4,399,227	\$	14,310,660

See accompanying notes to consolidated financial statements.

WQED Multimedia & Subsidiary

Consolidated Statements of Cash Flows
For the years ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Changes in net assets	\$ 917,720	\$ 1,605,844
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	615,880	660,817
Net realized and unrealized gain on investments	(1,405,122)	(3,096,352)
Reduction in operating lease right-of-use assets	14,442	68,980
Changes in assets and liabilities:	-	-
Accounts receivable	175,402	(10,072)
Grants receivable	1,970,758	68,789
Prepaid expenses	110,722	4,680
Accounts payable and accrued expenses	(866,552)	(65,039)
Deferred revenue	(4,595)	(61,108)
Operating lease liabilities	(14,442)	(68,980)
Total adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	596,493	(2,498,285)
Net cash provided by (used in) operating activities	1,514,213	(892,441)
Cash flows from investing activities		
Proceeds from sale of investments	155,144	1,203,813
Purchase of investments	(330,309)	(402,929)
Purchase of property, plant and equipment	(382,329)	(299,301)
Net cash (used in) provided by investing activities	(557,494)	501,583
Net increase (decrease) in cash and cash equivalents	956,719	(390,858)
Cash and cash equivalents beginning of year	294,026	684,884
Cash and cash equivalents at end of year	\$ 1,250,745	\$ 294,026
Supplemental cash flow information		
Right-of-use asset acquired in exchange for new operating lease liability	\$ 83,368	\$ -

See accompanying notes to consolidated financial statements.

WQED Multimedia & Subsidiary

Notes to the Consolidated Financial Statements
September 30, 2025 and 2024

1. Nature of Organization

WQED Multimedia (WQED) is a nonprofit corporation whose purpose is to champion communities across southwestern Pennsylvania by telling stories and creating experiences that educate, entertain and inspire. WQED is the licensee and operator of three noncommercial broadcast stations: WQED-TV Pittsburgh, WQED-FM Pittsburgh and WQED-FM Johnstown.

WQED was incorporated on February 18, 1953 in the Commonwealth of Pennsylvania. In May 2002, WQED formed a subsidiary, WQED Productions, LLC. WQED is the sole member of the LLC. This entity shares the same common mission and shares common management with WQED.

WQED is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Under the provisions of the IRC and similar state provisions, the LLC is considered to be a disregarded entity and is not taxed. Under these provisions, WQED reflects its proportionate share of the income or loss on its federal filing. The LLC is not liable for income taxes, and its income is not taxable to WQED.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

b. Principles of Consolidation

The consolidated financial statements include the accounts of WQED Multimedia and its majority-owned, controlled subsidiary, WQED Productions, LLC (collectively, the Organization). All intercompany accounts and transactions have been eliminated in consolidation.

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Notes to the Consolidated Financial Statements
September 30, 2025 and 2024

c. Use of Estimates

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

d. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

The Organization maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Organization's cash balances at times exceeded federally insured limits. The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

e. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The Organization evaluates each customer's ability to pay by assessing customer creditworthiness, historical experience and economic conditions through a reasonable forecast period. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses. The Organization regularly evaluates the collectability of its accounts receivable and maintains reserves for expected credit losses. Management estimates that accounts receivable are fully collectible and, accordingly, there is no allowance recorded as of September 30, 2025 and 2024. Beginning accounts receivable balance as of October 1, 2023 was \$435,502.

f. Grants Receivable

Grants receivable, primarily for net assets with donor restrictions, are recognized as revenues or gains in the period the grant is received. Grants receivable include assets and decreases of liabilities or expenses, depending on the form of the benefits received. The Organization expects that substantially all of the grants

WQED Multimedia & Subsidiary

Notes to the Consolidated Financial Statements September 30, 2025 and 2024

will be collected within one year. As of September 30, 2025 and 2024, no allowance for uncollectible grants was considered to be necessary. Four donors accounted for approximately 86% and 97% of the Organization's grants receivable at September 30, 2025 and 2024, respectively.

g. Investments

Investments are reported at fair value. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the consolidated statements of activities.

Gains and losses on the sale of investments are determined using the specific identification method. Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or law. Dividend and interest income are accrued as earned. Income and net gains (losses) on investment of endowment funds are reported in the consolidated statements of activities as follows:

- As increases (decreases) in net assets without donor restrictions for Board-designated endowment funds;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund; or
- As increases (decreases) in net assets without donor restrictions in all other cases.

The Organization has investments in mutual funds and other investment securities that are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in value will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

The investment portfolio is managed by professional investment advisors and managers in accordance with the Organization's investment policy.

h. Fair Value Measurements

The Organization measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events

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Notes to the Consolidated Financial Statements
September 30, 2025 and 2024

or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three “levels” based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the Organization has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such instruments.
- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3:** Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Organization must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments

WQED Multimedia & Subsidiary

Notes to the Consolidated Financial Statements
September 30, 2025 and 2024

for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When inputs are available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority. All of the Organization's investments were valued using Level 1 measurements at September 30, 2025 and 2024.

i. Property, Plant and Equipment

Property, plant and equipment are recorded at lower of cost or fair value. Expenditures for additions, improvements and other enhancements to property, plant and equipment are capitalized, and minor replacements, maintenance and repairs that do not extend asset life or add value are charged to expense as incurred. When property, plant and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts, and any resulting gain or loss is included in results of operations.

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Property, plant and equipment are depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property, plant and equipment are as follows: buildings and improvements: 35 - 40 years, furniture and fixtures: 7 - 15 years, and machinery and equipment: 7 - 15 years. The Organization's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Organization's assets. The Organization periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

WQED Multimedia & Subsidiary

Notes to the Consolidated Financial Statements September 30, 2025 and 2024

The Organization reports gifts of property, plant and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization reviews the carrying amount of property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts might not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted pretax cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value. There were no impairment losses recorded for the years ended September 30, 2025 and 2024.

j. Leases

The Organization is a lessee in multiple noncancelable operating leases. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The majority of leases entered into include one or more options to renew or terminate. The renewal terms can extend the lease term from e.g., "one to 25" years. The exercise of lease renewal and termination options is at the Organization's sole discretion. Renewal option periods and termination options are included in the expected lease term and the measurement of the ROU asset and lease liability when exercise of the options is reasonably certain to occur.

The discount rate used is the implicit rate in the lease contract when readily determinable; however, most of the leases do not provide an implicit rate, and in those cases the discount rate is the Organization's incremental borrowing rate. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

WQED Multimedia & Subsidiary

Notes to the Consolidated Financial Statements
September 30, 2025 and 2024

Operating lease right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. The Organization's lease liabilities are recognized based on the present value of the remaining fixed-lease payments, over the lease term, using a discount rate. For the purpose of lease liability measurement, the Organization considers only payments that are fixed and determinable at the time of commencement.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election for IT Equipment to not separate the lease and non-lease components of a contract. For all other underlying classes of assets, the Organization separates lease and non-lease components to determine the lease payment.

k. Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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 Board of Trustees (the Board). Net assets without donor restrictions include net assets designated by the board for specific purposes.

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 actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All net assets restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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I. Revenue Recognition

The Organization follows the provisions of the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) topic Revenue from Contracts with Customers (Topic 606) to recognize revenue. The core principle is that an organization should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

The Organization recognizes revenue when goods or services promised are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation, as further described below. Revenue subject to variability is constrained to an amount that will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

The following significant revenue-generating transactions are within the scope of ASC 606, which are presented in the consolidated statements of activities:

Membership - Membership gifts are recognized as revenue when received, as the majority of the membership value represents a charitable contribution and the fair value of member benefits is minimal. One-time membership payments provide benefits for one year beginning on the date the payment is processed, and sustaining memberships are ongoing monthly contributions that continue until cancelled; revenue for sustaining memberships is recognized as each monthly payment is received.

Sales and Underwriting - This includes underwriting and sponsorship agreements in which the Organization provides FCC-compliant acknowledgement of financial support on its radio and television stations, as well as recognition across other platforms. Revenue is recognized at a point in time when the agreed-upon acknowledgement or recognition obligations have been fulfilled.

Licensing Transactions - These types of transactions primarily include distribution, royalties and ancillary services. For licensing transactions, revenue and direct expenses are recognized at a point in time during completion of the project or identifiable components within the project. Deferred revenue includes revenue on uncompleted projects that has not been earned as of the consolidated statement of financial position date. Beginning deferred revenue balance as of October 1, 2023 was \$74,065. Program expenses related

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to uncompleted projects are capitalized as assets.

m. Contributions and Grants

Foundation, support, donations and grants, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identification of a barrier that is more than trivial, that must be overcome before the revenue can be earned and recognized.

An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donors are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. No amounts have been received in advance under the Organization's federal and state contracts and grants.

During the year ended September 30, 2025, Congress rescinded previously appropriated funding for the Corporation for Public Broadcasting, prompting its dissolution. This resulted in the Organization losing approximately \$1,800,000 compared to the year ended September 30, 2024. While the decline is expected to affect operations going forward, management believes the Organization has adequate financial resources to continue its mission. See Note 3 for more information on liquidity.

Contributions - 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.

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Donor-restricted 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 restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional promises to give are recognized as income when the conditions are substantially met.

Grants - Grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditional grants and contracts is recorded when the conditions are met. Most grants are on a cost reimbursement basis and require the Organization to incur eligible expenses prior to the release of funds. The Organization reports these grants as changes in net assets without donor restrictions when restrictions are met in the same period.

Grants and contributions related to program production and other development projects underwritten by foundations, corporations and others (which are non-licensing transactions) are initially recorded in net assets with donor restrictions.

Contributed Nonfinancial Assets - Contributed nonfinancial assets are recorded at fair value at the date of donation. Contributions of services are reported as revenue only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills.

The Organization has a 99-year lease with a local university, which expires in February 2066, at a nominal fee of \$1 per year for the land and building where its studio and office facilities are located. The lease states that the land and facilities are to be used in the operation of a noncommercial, nonprofit, educational television station. The lease also states that the property must be surrendered in good condition and repair, and the Organization must remove certain fixtures and equipment upon termination of the lease at its own expense, which, it is estimated, would be minimal. The Organization accounts for the lease in contributed services based on the estimated annual rental income. These contributed services are recorded as contributed nonfinancial assets and rent expense for the amount of \$335,000 in 2025 and 2024.

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n. Compensated Absences

Employees are entitled to vacation time earned annually based on employment status and length of employment. All employees are required to use all vacation allocated during one calendar year no later than the following calendar year or otherwise lose it. The Organization recognizes the expense and related liability when the vacation time is earned by the employees.

o. Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the consolidated statement of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities. These expenses that are allocated are allocated on a revenue basis and a percentage of payroll expenses.

p. Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the IRC and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income, and determine its filing and tax obligations in jurisdictions for which it has nexus. As of September 30, 2025 and 2024, the Organization believes that it has not generated any unrelated business taxable income.

The Organization recognizes the tax benefit from an uncertain tax position only if it is "more likely than not" that the tax position would be sustained on examination by the taxing authorities, based upon the technical merits of the position. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Generally, the Organization is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by tax authorities for years before 2022.

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q. Subsequent Events

The Organization's management evaluated events that occurred after September 30, 2025 through January 26, 2026, the date when the consolidated financial statements were available to be issued.

3. Liquidity and Availability of Resources

The Organization's financial assets available for general use at September 30, consist of the following:

	2025	2024
Financial assets available:		
Cash and cash equivalents	\$ 1,250,745	\$ 294,028
Accounts receivable, net	279,283	445,574
Investments	6,918,817	5,992,322
Endowment - budgeted spending rate appropriation	600,033	590,874
Total financial assets available	9,048,878	7,322,798
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,048,878	\$ 7,322,798

The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments, accounts receivable and an endowment spending rate appropriation. (See Note 9 for information about the Organization's endowment.) The Organization also has a line of credit available to meet short-term needs. (See Note 6 for information on financing arrangements.)

The Organization's endowment funds consist of donor-restricted endowments and a board-designated endowment. Income from donor-restricted endowments, not restricted for specific purposes, is available for general expenditure. Annually, the Organization can appropriate up to 7% of the endowment, based on three-year average investment values, at the end of the fiscal year. Appropriations of \$600,033 from the endowment will be available within the next 12 months.

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The Organization also has a board-designated endowment of \$7,379,496 and \$6,679,970 at September 30, 2025 and 2024, respectively (Note 9). In the event the need arises to utilize the board-designated funds for liquidity purposes, reserves could be drawn upon through board resolution.

4. Investments

The cost and related market value of the Organization's investments at September 30 are summarized as follows:

Description	Market 2025	Cost 2025	Market 2024	Cost 2024
Money Market	\$ 1,944,397	\$ 1,944,397	\$ 1,274,540	\$ 1,274,540
Equity:				
Exchange-traded funds	8,152,659	5,649,521	7,697,214	5,614,627
Common stock	1,425,616	998,567	1,314,609	964,956
Mutual funds	3,160,602	2,168,184	2,810,915	2,191,776
Fixed Income:				
Corporate bonds	1,082,205	1,052,266	1,480,292	1,428,066
Mutual funds	5,540,836	5,741,271	5,148,455	5,364,200
Total	\$ 21,306,315	\$ 17,554,206	\$ 19,726,025	\$ 16,838,165

Investment income, net of investment fees, at September 30 is composed of the following:

Description	2025	2024
Interest and dividends	\$ 726,277	\$ 435,532
Realized gain on sale of investments	519,882	999,809
	1,246,159	1,435,341
Unrealized appreciation	885,240	2,096,543
Net investment income	\$ 2,131,399	\$ 3,531,884

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5. Property, Plant and Equipment

The historical costs of the Organization's property, plant and equipment and related accumulated depreciation balances at September 30 were as follows:

	2025	2024
Machinery and equipment	\$ 5,060,473	\$ 8,212,590
Buildings and improvements	3,786,273	3,812,743
Leasehold improvements	9,380,298	9,812,742
Furniture and fixtures	879,787	1,683,386
Other depreciable and amortizable assets	2,835,363	3,262,462
Property, plant and equipment, gross	21,942,194	26,783,923
Less accumulated depreciation and amortization	(18,884,064)	(23,318,284)
	3,058,130	3,465,639
Land	300	300
Construction in progress	202,000	28,041
Property, plant and equipment, net	\$ 3,260,430	\$ 3,493,980

Depreciation expense related to property, plant and equipment was \$615,880 and \$660,816 for the years ended September 30, 2025 and 2024, respectively.

The Organization holds title to the transmitter building subject to the understanding that this facility, which was acquired by gift, is to be used only for educational broadcasting purposes or research related to education.

6. Financing Arrangements

The Organization has an agreement for a \$2,000,000 line of credit that remains in effect until March 1, 2026. The arrangement bears interest at the Adjusted one-month term Secured Overnight Financing Rate, plus 1.0% (5.24% at September 30, 2025). The arrangement is collateralized by all eligible assets of the Organization, including certain marketable securities, the value of which at all times must be equal or greater than 115% of all outstanding amounts under the agreements.

At September 30, 2025 and 2024, no amounts were drawn on the line of credit. There was no interest expense incurred or paid for the years ended September 30, 2025 and 2024.

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7. Governmental Grant and Contracts

The Organization has historically received a significant portion of its grant revenue from federal agencies and the Corporation for Public Broadcasting. There is always a risk that funders may, at their discretion, rescind funding, request reimbursement of expenses, or seek a return of funds—or all of the above—due to budgetary reductions or as a result of noncompliance by the Organization with the terms of the grants. During the year ended September 30, 2025, the Organization saw duly awarded grants terminated prematurely and rescinded without such cause. Management reports that the impact was not material and believes the Organization has adequate financial resources to continue its mission. See Note 3 for more information on liquidity.

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit (ERC) subject to certain criteria. The ERC provided qualifying employers up to \$5,000 of credit for each employee based on certain wages paid after March 12, 2020, and before January 1, 2021. In December 2020, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act) increased the credit for each employee to \$7,000 per calendar quarter after December 31, 2020, through December 31, 2021. During the year ended September 30, 2025, the Organization collected ERCs of approximately \$1,300,000 that were reported on the other income line of the consolidated statements of activities.

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8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30:

	2025	2024
Subject to expenditures for specified purpose:		
Program production and development	\$ 5,831,237	\$ 6,254,731
Education	1,471,250	263,164
Capital	84,750	84,750
FM radio	32,500	31,250
Total net assets subject to expenditures for specified purpose	7,419,737	6,633,895
Subject to the Organization's endowment spending policy and appropriation in perpetuity:		
Program Development Seed Fund	4,674,998	4,674,998
WQED-FM Endowment Fund	510,000	510,000
Bessie F. Anathan Scholarship Fund	50,000	50,000
Total net assets subject to the Organization's spending policy and appropriation	5,234,998	5,234,998
Total net assets with donor restrictions	\$ 12,654,735	\$ 11,868,893

The sources of net assets released from restrictions are as follows for the years ended September 30:

	2025	2024
Program production and development	\$ 2,497,777	\$ 3,640,537
Capital projects	-	250,000
Education	111,997	1,000,519
FM radio	128,750	118,750
Total net assets released from restrictions	\$ 2,738,524	\$ 5,009,806

Net assets with donor restrictions in perpetuity are restricted to the original corpus of the gifts to the endowment fund. Income from these assets is expendable to support activities and included in net assets restricted by purpose.

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9. Endowment

The Organization's endowment consists of various individual funds established primarily for the support of its mission. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments, but not legally restricted by state law. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the donor-restricted endowment funds investments as income each year. Long-term preservation of the real value of the assets must be taken into consideration when the Board of Trustees elects the amount. On an annual basis, the Board of Trustees, in writing, must elect a spending rate of between 2% and 7%. In accordance with Act 141, the Organization annually transfers between 4% and 7% of the previous 12 quarters' market value average of the donor-restricted endowment funds. This percentage is applied to a 12-quarter average market value of the investments at September 30 of the previous year. The Organization classifies donor-restricted net assets as perpetual in nature for the original value of gifts donated to the endowment.

In accordance with Act 141, the Organization has adopted a written investment policy, of which a section specifically related to the endowment funds.

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Endowment fund net assets as of September 30, as well as the change in endowment funds by net asset type for the years ended September 30, are as follows:

	Without Donor Restrictions Board- Designated	With Donor Restrictions Purpose Restrictions	With Donor Restrictions Perpetual in Nature	Total
Endowment net assets, October 1, 2023	\$ 5,600,495	\$ 601,291	\$ 5,234,998	\$ 11,436,784
Investment return:				
Interest income, net of related expenses	82,404	174,301	-	256,705
Net appreciation, realized and unrealized	742,564	1,584,168	-	2,326,732
Total investment return	824,968	1,758,469	-	2,583,437
Appropriation of endowment funds	254,507	(593,850)	-	(339,343)
Change in endowment net assets	1,079,475	1,164,619	-	2,244,094
Endowment net assets, September 30, 2024	6,679,970	1,765,910	5,234,998	13,680,878
Investment return:				
Interest income, net of related expenses	88,172	160,435	-	248,607
Net appreciation, realized and unrealized	358,122	643,518	-	1,001,640
Total investment return	446,294	803,953	-	1,250,247
Appropriation of endowment funds	253,232	(854,574)	-	(601,342)
Change in endowment net assets	699,526	(50,621)	-	648,905
Endowment net assets, September 30, 2025	\$ 7,379,496	\$ 1,715,289	\$ 5,234,998	\$ 14,329,783

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity and fixed-income peer groups.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield

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(interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Investment Committee of the Board of Trustees, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with Act 141, the Organization annually transfers between 4% and 7% of the previous 12 quarters' market value average of the donor-restricted endowment funds to the board-designated endowment funds for use in current and future operations. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. If additional appropriation is considered necessary, the action will be authorized by the Board of Trustees, and the allocation will be made from the board-designated endowment funds. The appropriation was approved for the years ending September 30, 2025 and 2024 of \$590,874 and \$593,850, respectively.

10. Defined Contribution Plan

The Organization maintains a qualified salary deferral plan covering substantially all of its employees. Employees who participate may make elective contributions to the Plan, subject to IRS limitations. The Organization contributes 5% of eligible compensation for eligible employees. The Organization contributed approximately \$167,000 to the Plan for both the years ended September 30, 2025 and 2024.

11. Leases

The Organization leases office and information technology equipment under noncancelable operating leases that expire throughout fiscal years leading up to fiscal year 2031.

The Organization recorded operating lease cost of \$64,926 and \$63,545 within the consolidated statements of activities for the years ended September 30, 2025 and 2024, respectively.

The Organization paid cash for operating cash flows from operating leases of \$68,775 and \$68,980 for the years ended September 30, 2025 and 2024, respectively.

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Information regarding lease terms and discount rates as of September 30 is as follows:

	2025	2024
Weighted-average remaining lease term (years):		
Operating leases	2.7	2.2
Weighted-average discount rate (%):		
Operating leases	4.2	4.1

Maturities of lease liabilities are as follows as of September 30, 2025:

Year	Amount
2026	\$ 44,582
2027	21,410
2028	19,231
2029	17,674
2030	17,674
Thereafter	1,470
Total lease payments	122,041
Less imputed interest	9,453
Total lease liabilities	\$ 112,588

12. Commitments and Contingencies

The Organization has employees covered under collective bargaining agreements with the International Alliance of Theatrical Stage Employees Union. One of the agreements covers four full-time employees and expires on August 30, 2027. The other agreement covers part-time "on-call" employees and expires on April 18, 2027.