



**NORTHEASTERN EDUCATIONAL
TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

For the Years Ended June 30, 2025
(With summarized comparative information
for June 30, 2024)

The background of the lower half of the cover is an abstract, grayscale geometric pattern consisting of overlapping, semi-transparent planes and lines that create a sense of depth and perspective, resembling a complex architectural or digital structure.

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**NORTHEASTERN EDUCATIONAL
TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-19
SUPPLEMENTAL INFORMATION:	
Schedule of Additional Payment Due Under the Terms of the Unison Lease	20
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION	21

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northeastern Educational Television of Ohio, Inc.
Dbas PBS Western Reserve

Opinion

We have audited the accompanying financial statements of Northeastern Educational Television of Ohio, Inc. dbas PBS Western Reserve (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeastern Educational Television of Ohio, Inc. dbas PBS Western Reserve as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeastern Educational Television of Ohio, Inc. dbas PBS Western Reserve and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles general 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, that raise substantial doubt about Northeastern Educational Television of Ohio, Inc. dbas PBS Western Reserve's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

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

Report on Summarized Comparative Information

We previously audited the Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sikich CPA LLC

Richfield, Ohio
October 23, 2025

FINANCIAL STATEMENTS

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF FINANCIAL POSITION

June 30, 2025

(with summarized comparative financial information as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,348,171	\$ 1,842,548
Contributions receivable, net	56,760	135,491
Grants receivable	-	137,945
Rental income receivable	84,814	102,149
Prepays	42,399	64,718
Other assets	1,010	1,010
Operating right-of-use asset, net	198,553	117,126
Beneficial interest held at foundation	2,405,786	2,179,595
Property and equipment, net	3,262,040	3,952,527
	<u>3,262,040</u>	<u>3,952,527</u>
TOTAL ASSETS	<u>\$ 8,399,533</u>	<u>\$ 8,533,109</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 84,681	\$ 135,307
Accrued expenses	29,836	30,955
Operating lease liabilities	198,553	117,126
Deferred revenue	220,424	220,134
	<u>220,424</u>	<u>220,134</u>
Total liabilities	<u>533,494</u>	<u>503,522</u>
NET ASSETS		
Without donor restrictions	7,818,046	7,949,188
With donor restrictions	47,993	80,399
	<u>47,993</u>	<u>80,399</u>
Total net assets	<u>7,866,039</u>	<u>8,029,587</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,399,533</u>	<u>\$ 8,533,109</u>

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Ohio BEMC - General grant	\$ 312,534	\$ -	\$ 312,534	\$ 312,534
Ohio BEMC - Education grant	175,455	-	175,455	162,059
ODE EdTech - Education grant	225,028	-	225,028	225,028
Membership and individual contributions	2,174,466	-	2,174,466	1,896,991
Underwriting income and public support	149,188	47,993	197,181	469,120
Rental income	500,170	-	500,170	497,698
Channel sharing revenue	360,000	-	360,000	360,000
Ohio 360 grant	-	-	-	256,014
Corporation for Public Broadcasting grant	1,238,936	-	1,238,936	1,146,051
Education Grants	78,306	-	78,306	83,956
Other income	40,919	-	40,919	12,017
In-kind broadcast services	1,133,543	-	1,133,543	963,754
Net assets released from restrictions	80,399	(80,399)	-	-
Total revenue and support	<u>6,468,944</u>	<u>(32,406)</u>	<u>6,436,538</u>	<u>6,385,222</u>
EXPENSES				
Broadcasting	2,218,394	-	2,218,394	1,972,081
Educational services	248,630	-	248,630	279,490
PTV programming	2,082,746	-	2,082,746	2,004,230
Communications	711,182	-	711,182	687,869
Total program services	5,260,952	-	5,260,952	4,943,670
Fundraising and development	1,009,788	-	1,009,788	937,394
General and administrative	555,537	-	555,537	775,527
Total expenses	<u>6,826,277</u>	<u>-</u>	<u>6,826,277</u>	<u>6,656,591</u>
OTHER CHANGES IN NET ASSETS				
Change in beneficial interest in assets held at foundation	226,191	-	226,191	174,012
CHANGE IN NET ASSETS	(131,142)	(32,406)	(163,548)	(97,357)
NET ASSETS, BEGINNING OF YEAR	<u>7,949,188</u>	<u>80,399</u>	<u>8,029,587</u>	<u>8,126,944</u>
NET ASSETS, END OF YEAR	<u>\$ 7,818,046</u>	<u>\$ 47,993</u>	<u>\$ 7,866,039</u>	<u>\$ 8,029,587</u>

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

(with summarized comparative information for the year ended June 30, 2024)

	Broadcasting	Educational Services	PTV Programming	Communications	Total Program Services	Fundraising and Development	General and Administrative	Total Supporting Services	2025 Total	2024 Total
OPERATING EXPENSES										
Salaries	\$ 196,846	\$ 156,511	\$ 246,658	\$ 346,003	\$ 946,018	\$ 281,432	\$ 86,636	\$ 368,068	\$ 1,314,086	\$ 1,095,115
Payroll taxes and retirement	27,160	24,076	28,296	45,083	124,615	27,162	8,898	36,060	160,675	183,265
Benefits	33,821	15,117	9,135	40,583	98,656	12,498	6,722	19,220	117,876	96,603
Bank fees	-	-	-	-	-	89,181	1,443	90,624	90,624	68,265
Dues and fees	6,222	4,629	16,248	4,629	31,728	4,629	24,399	29,028	60,756	82,339
Maintenance and repair	3,953	3,953	3,953	3,953	15,812	3,953	3,953	7,906	23,718	33,291
Outside services and contracts	53,594	8,286	193,048	11,852	266,780	336,984	72,112	409,096	675,876	692,882
Insurance	-	-	-	-	-	-	116,160	116,160	116,160	82,277
Mailing and postage	-	-	-	-	-	56,646	-	56,646	56,646	67,027
Incentive gifts/ Premiums	-	-	-	-	-	110,463	-	110,463	110,463	102,552
Pledge call service	-	-	-	-	-	33,297	-	33,297	33,297	35,488
Professional fees	-	-	54	1,500	1,554	-	120,944	120,944	122,498	126,377
Supplies and office expenses	1,094	24,690	19,890	28,115	73,789	27,697	16,080	43,777	117,566	107,924
Program guide	-	-	-	211,710	211,710	-	-	-	211,710	170,316
Production costs	-	-	1,478,597	-	1,478,597	-	-	-	1,478,597	1,516,399
Building rent	35,958	-	-	-	35,958	-	-	-	35,958	53,936
Travel and conferences	1,189	3,207	2,178	9,155	15,729	664	4,083	4,747	20,476	21,887
Utilities	100,219	8,161	8,161	8,161	124,702	8,161	8,161	16,322	141,024	140,095
Tower Expenses	2,505	-	-	-	2,505	-	-	-	2,505	2,753
In-kind broadcast services	1,133,543	-	-	-	1,133,543	-	-	-	1,133,543	963,754
Miscellaneous	-	-	-	-	-	17,021	2	17,023	17,023	24,346
Bad debt expense	-	-	-	-	-	-	46,552	46,552	46,552	235,885
	<u>1,596,104</u>	<u>248,630</u>	<u>2,006,218</u>	<u>710,744</u>	<u>4,561,696</u>	<u>1,009,788</u>	<u>516,145</u>	<u>1,525,933</u>	<u>6,087,629</u>	<u>5,902,776</u>
Total expenses before depreciation										
Depreciation	<u>622,290</u>	<u>-</u>	<u>76,528</u>	<u>438</u>	<u>699,256</u>	<u>-</u>	<u>39,392</u>	<u>39,392</u>	<u>738,648</u>	<u>753,815</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,218,394</u>	<u>\$ 248,630</u>	<u>\$ 2,082,746</u>	<u>\$ 711,182</u>	<u>\$ 5,260,952</u>	<u>\$ 1,009,788</u>	<u>\$ 555,537</u>	<u>\$ 1,565,325</u>	<u>\$ 6,826,277</u>	<u>\$ 6,656,591</u>

See accompanying notes to financial statements.

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (163,548)	\$ (97,357)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	738,648	753,815
Gain on disposition of assets	-	4,245
Change in beneficial interest in assets held at foundation	(226,191)	(174,012)
Bad debt expense	46,552	235,885
Changes in operating assets:		
Contributions receivable	78,731	98,250
Grants Receivable	137,945	(137,945)
Rental income receivable	(29,217)	(185,022)
Other assets and prepaids	22,319	(20,943)
Changes in operating liabilities:		
Accounts payable	(50,626)	(7,052)
Accrued expenses	(1,119)	(30,633)
Deferred revenue	290	-
Total adjustments	<u>717,332</u>	<u>536,588</u>
Net cash from operating activities	<u>553,784</u>	<u>439,231</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	11,525
Purchase of property and equipment	<u>(48,161)</u>	<u>(59,826)</u>
Net cash from investing activities	<u>(48,161)</u>	<u>(48,301)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	505,623	390,930
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,842,548</u>	<u>1,451,618</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,348,171</u>	<u>\$ 1,842,548</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing activities:		
Addition of Operating right-of-use asset and liabilities	<u>\$ 81,427</u>	<u>\$ -</u>

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

1. NATURE OF OPERATIONS

Nature of Activities – Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve (the Organization) was incorporated in July 1971 as a nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is a consortium of the University of Akron, Kent State University and Youngstown State University (the Consortium). The Organization operates two public television stations, WNEO, Channel 45 and WEAO, Channel 49.

Broadcasting: The organization is the owner and operator of two full-power educational “set-aside,” noncommercial broadcast television channels (WNEO and WEAO) and one translator channel (W13 DP-D), all licensed by the Federal Communications Commission. WNEO is licensed to the city of Alliance and serves the Youngstown designated television market. WEAO is licensed to the city of Akron and serves the Cleveland/Akron/Canton designated television market. W13 DP-D is a translator license and serves areas of Mahoning Valley that cannot receive WNEO. The organization also owns and operates two broadcast towers and 4 higher frequency Educational Broadband Service (EBS—formerly known as Instructional Television Fixed Service or ITFS) channels in Youngstown market and co-owns with Akron Public Schools 4 EBS channels in Akron.

Educational Services: The Educational Services Department, funded in large part by the Ohio Department of Education, serves K-12 students and educators in 10 Ohio counties. Since 1973, Educational Services has been training teachers to use the latest educational technologies in their classrooms. Teachers also use the station’s instructional television programming, locally produced multimedia curriculum projects and in-school technology and consultation services. PBS Western Reserve is part of the statewide network of educational technology agencies that provide collaborative training to all educators across the state.

PTV Programming: For its broadcast service, the organization offers three separately programmed 24/7 noncommercial television channels: 1. A high-definition broadcast service that mainly consist of programming provided by the Public Broadcasting Service (PBS) 2. Fusion, which is a standard definition service that has an 8-hour block of programming provided by the Ohio Government Channel; an 8-hour block of programming provided by the Classic Arts Channel; and another 8 hours of programming that is mostly a mix of PBS, syndicated and local/regional programming. All three channels offer a wide range of programs on subjects including science and nature; drama, art and music; how-to’s, travel and adventure; history and biography; and news and public affairs.

Communications: The Organization extends their brand through strategic partnerships. They collaborate with other community entities through local events, reciprocal agreements and other types of support. The Organization’s program guide, The Alternative, circulates to members monthly, while our Monday morning e-blast, The Prompter, is sent and highlights programming for the week.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Presentation – The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions are for general operations and board-designated net assets of the Organization and are not subject to donor-imposed restrictions. These net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Net Assets With Donor Restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are for 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.

Cash and Cash Equivalents – The Organization considers all short-term liquid investments with maturities, when purchased, of 90 days or less to be cash equivalents.

Concentration of Credit Risk – The Organization maintains cash and cash equivalents in accounts with financial institutions which, at times, may exceed federally insured limits and at June 30, 2025 and 2024, these deposits totaled \$1,869,835 and \$1,128,608, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Comparative Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class for the statement of activities. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Rental Income Receivables – Rental income receivables are stated at the amount management expects to collect from balances outstanding at year end. The potential risk is limited to the amounts recorded in the financial statements. Receivables are considered past due based on various contractual terms. Management provides for probable uncollectible amounts through a provision for doubtful accounts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2025 and 2024, the Organization had no allowance for rental income receivable.

NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Grants Receivable - Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization uses the allowance method to determine uncollectible grants receivable. The allowance is based on historical experience and management's analysis of specific grants. As of June 30, 2025 and 2024, the Organization deemed an allowance for contributions receivable not necessary. All grants receivable balances are due within 1 year.

Contributions Receivable – Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on historical experience and management's analysis of specific promises made. As of June 30, 2025 and 2024, the Organization deemed an allowance for contributions receivable not necessary. All contributions receivable balances are due within 1 year.

Property and Equipment – Acquisitions of property and equipment and expenditures for repairs, maintenance, and betterments in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Property and equipment are depreciated utilizing the straight-line method over the estimated useful lives. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. When property is retired or otherwise disposed of, the cost of property and accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gains or losses are charged or credited to operations for the period. Assets are depreciated based on the following estimated useful lives:

Buildings	7 – 30 years
Furniture and fixtures	3 – 10 years
Machinery and equipment	3 – 20 years
Intangible assets	5 – 7 years

Rental Income – Rental income is recognized by the Organization ratably over the rental period as tower services are rendered to the third parties.

Support and Revenue Recognition – Contributions, grants, underwriting and public support and membership income are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Conditional promises to give are recognized only when the barriers are overcome and the promises become unconditional. There are no conditional grants as of June 30, 2025 and 2024.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Support and Revenue Recognition, (Continued) – Membership and individual contributions are nonrefundable and are comprised of a contribution and exchange element. The exchange element is deemed to be insignificant and therefore memberships are considered contributions and are recognized immediately.

The Organization records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending June 30, 2025 and 2024:

Channel Sharing Income – The Organization has a nonrefundable channel sharing agreement with a third party in which it shares the WEAO broadcast channel for an agreed upon price. Revenue is billed and paid once a year and revenue is recognized ratably over time over the course of the year as that is how the channel share is provided to the third party.

Deferred revenue consists of channel sharing income and is recognized as deferred revenue at the time of receipt and recognized as revenue over the life of the annual agreement.

There are no significant judgements involved in the recognition of the channel sharing income.

Various economic factors, such as unforeseen circumstance that would result in the Organization not being able to operate their channels, could affect the recognition of revenue and cash flows.

In-Kind Contributions and Services – Contributed services are recognized as revenues at their estimated fair value only when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated. In-kind contributions and services consist primarily of technical and program services donated by the Ohio Broadcast Educational Media Commission (Ohio BEMC), the State of Ohio and certain broadcast-related activities donated by private sources. The Organization received in-kind services as noted above in the amount of \$1,133,543 in 2025 and \$963,754 in 2024. The Organization values the technical and program services at the fair value prices which are established based on a percentage of operating budget of Ohio BEMC. The in-kind services are utilized in the Organization's programs. Contributed nonfinancial assets did not have donor-imposed restrictions.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between program services, supporting services, and fundraising expenses. Salaries, payroll taxes and retirement and benefits are allocated on the basis of estimated time and effort. All other expenses are charged directly to the functional category in which they relate at the time the expense is incurred.

Tax Status – The Organization is a nonprofit organization exempt from federal income taxes under the current provisions of Internal Revenue Code Section 501(c)(3). Accordingly, the Organization has not recorded provisions for federal and state income taxes. The Organization is not classified as a private foundation.

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Tax Status, (Continued) – The Organization’s return for tax years 2021 and later remain subject to examination by taxing authorities.

Use of Estimates – The preparation of financial statements in conformity with US GAAP 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 reporting period. Actual results could differ from those estimates.

Leases - The Organization determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset, and the Organization has the right to control the asset. Operating leases are included in operating lease ROU assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization utilizes the risk-free rate in determining the present value of lease payments unless the implicit rate is readily determinable. The risk-free rate is based on the constant maturity treasury rate that is published by the U.S. Department of the Treasury.

Lease terms include options to extend the lease when it is reasonably certain those options will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes that are passed on from the lessor, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Subsequent Events – Management has evaluated subsequent events and transactions for potential recognition or disclosure through October 23, 2025, the date the financial statements were available to be issued, and determined that there were no significant non-recognized subsequent events through that date.

3. LIQUIDITY

The Organization monitors its financial assets regularly to ensure sufficient liquidity is available to meet operating expenses which are those without donor restrictions and capital expenditures on fixed assets as they become due. The following reflects the Organization's financial assets available to meet such needs within one year of the statement of financial position date at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,348,171	\$ 1,842,548
Contributions receivable, net	56,760	135,491
Grants receivable	-	137,945
Rental income receivable	<u>84,814</u>	<u>102,149</u>
Total financial assets	<u>2,489,745</u>	<u>2,218,133</u>
Less: Financial assets held to meet donor imposed restrictions	<u>47,993</u>	<u>80,399</u>
TOTAL FINANCIAL ASSETS LIQUID WITHIN ONE YEAR	<u><u>\$ 2,441,752</u></u>	<u><u>\$ 2,137,734</u></u>

The Organization has \$2,405,786 in board designated funds functioning as endowment not included in the above table because it is the Organization's intent to invest those resources for long-term support; however, in the case of need, the Board of Directors could appropriate resources for operations. Based on the above information and the Organization's \$150,000 line of credit available as described in Note 5, management believes the Organization has the resources to meet cash flow needs. In addition, the Organization will continue to receive operating revenues for the 2025 fiscal year.

NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 2,097,548	\$ 2,097,548
Furniture and fixtures	80,980	80,980
Machinery and equipment	8,567,805	8,519,644
Intangible assets	<u>54,351</u>	<u>54,351</u>
	10,800,684	10,752,523
Less: Accumulated depreciation	<u>7,538,644</u>	<u>6,799,996</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 3,262,040</u>	<u>\$ 3,952,527</u>

5. FINANCING ARRANGEMENTS

The Organization has a credit agreement with a bank at a collective maximum borrowing base of \$150,000. The line is due on demand and interest is due monthly at the banks' prime rate (7.50% at June 30, 2025). There was no balance outstanding at June 30, 2025 and 2024. The line is collateralized by all business assets.

6. FAIR VALUE MEASUREMENTS

US GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. US GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

6. FAIR VALUE MEASUREMENTS (Continued)

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2025 and 2024.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2025 and 2024.

Beneficial Interests in Assets Held at Foundation – Valued using the fair value of the assets held. The Organization considers the measurement of its beneficial interest in assets held at foundations to be a Level 3 measurement within the hierarchy because even though that measurement is based on the fair value of assets reported by the trustee, the Organization does not have the ability to direct the trustee to redeem them.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30:

	<u>2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Beneficial interest in assets held at foundation	\$ -	\$ -	\$ 2,405,786	\$ 2,405,786
TOTAL ASSETS				\$ 2,405,786
	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Beneficial interest in assets at foundation	\$ -	\$ -	\$ 2,179,595	\$ 2,179,595
TOTAL ASSETS				\$ 2,179,595

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

6. FAIR VALUE MEASUREMENTS (Continued)

Unobservable (Level 3) Inputs

The activity for the beneficial interest in assets held at foundation, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs), are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 2,179,595	\$ 2,005,583
Contribution	-	-
Change in beneficial interest in assets held at foundations	<u>226,191</u>	<u>174,012</u>
BALANCE, END OF YEAR	<u>\$ 2,405,786</u>	<u>\$ 2,179,595</u>

The change in value of the beneficial interest in the trust is reported on the statement of activities.

7. NET ASSETS

Net assets without donor restrictions are available for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Operating surplus	\$ 2,150,220	\$ 1,817,066
Net investment in property and equipment	3,262,040	3,952,527
Board-designated funds functioning as endowment	<u>2,405,786</u>	<u>2,179,595</u>
TOTAL NET ASSETS WITHOUTH DONOR RESTRICTION	<u>\$ 7,818,046</u>	<u>\$ 7,949,188</u>

Net Assets with time or purpose donor-imposed restrictions are restricted for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
UNDERWRITING	<u>\$ 47,993</u>	<u>\$ 80,399</u>

NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

8. ENDOWMENT

The Organization is the beneficiary of assets held at a foundation which is the PBS Western Reserve Endowment Fund held by the Akron Community Foundation. This fund is an asset of the Organization as it is held by the Akron Community Foundation in a separate fund and was created by the assets of the Organization. This fund was designated by the Board of Directors to function as an endowment and is included as a beneficial interest held at a foundation in the statement of financial position. Income received from these funds are for general operations of the Organization. As required by accounting principles generally accepted in the United States of America, net assets are classified and reported based on the existence or absence of donor-imposed restrictions. Total fair value was \$2,405,786 and \$ 2,179,595 at June 30, 2025 and 2024, respectively.

Changes in Endowment Net Assets for the Years Ended June 30:

	<u>Without Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2023	\$ 2,005,583	\$ 2,005,583
Change in beneficial assets held By Foundation	<u>174,012</u>	<u>174,012</u>
Endowment net assets, June 30, 2024	<u>2,179,595</u>	<u>2,179,595</u>
Change in beneficial assets held By Foundation	<u>226,191</u>	<u>226,191</u>
ENDOWMENT NET ASSETS, JUNE 30, 2025	<u>\$ 2,405,786</u>	<u>\$ 2,405,786</u>

Return Objectives and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets based on the policies held at the Akron Community Foundation that attempt to provide a predictable stream of funding for Organization operations and programs.

Strategies Employed for Achieving Objectives – The Organization relies on a total return strategy at the Akron Community Foundation in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

9. RENTAL INCOME

The Organization, as the lessor, leases broadcasting tower space and spectrum to various companies under noncancelable leases through 2030. These agreements typically include provisions for a monthly payment. The carrying value of the underlying leased property is \$1,611,136 as reported within property and equipment on the statement of financial position. Total rental income was \$500,170 and \$ 497,698 in 2025 and 2024, respectively.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

9. RENTAL INCOME, (Continued)

Future minimum lease commitments and revenues for all non-cancellable operating leases with initial or remaining terms in excess of one year at June 30, 2025, are as follows for each of the year ending June 30:

2026	\$	465,915
2027		467,818
2028		476,037
2029		476,037
2030		461,779
Thereafter		<u>2,698,877</u>
	<u>\$</u>	<u>5,046,463</u>

10. LEASES

The Organization has operating leases for a copier and a land easement previously accounted for under FASB ASC 840. Leases have remaining lease terms of 1 year to 6 years, all of which include options to extend the leases for up to 5 years. Management has determined that renewal options are not reasonably certain to be exercised, and such renewal periods are excluded in the ROU assets.

The components of lease expenses are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 35,958	\$ 43,719

Other Lease Information

	<u>2025</u>	<u>2024</u>
Supplemental cash flows information Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 35,958	\$ 43,719

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

10. LEASES, (Continued)

The following table summarizes the lease-related assets and liabilities recorded in the statements of financial position as of June 30:

	<u>2025</u>	<u>2024</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	\$ <u>198,553</u>	\$ <u>117,126</u>
OPERATING LEASE LIABILITIES	\$ <u>198,553</u>	\$ <u>117,126</u>
Weighted-average remaining lease terms (years)		
Operating leases	4.7	5.7
Weighted-average discount rate		
Operating leases	2.91%	2.91%

The following table provides the maturities of lease liabilities at June 30, 2025:

	<u>Operating</u>
2026	\$ 46,022
2027	43,806
2028	44,010
2029	41,556
2030	32,487
Thereafter	<u>10,876</u>
Total future undiscounted lease payments	218,757
Less: Interest	<u>(20,204)</u>
PRESENT VALUE OF LEASE LIABILITIES	\$ <u>198,553</u>

11. BENEFIT PLANS

Substantially all full-time employees of the Organization are covered by and are required to contribute to the State Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system administered by the State of Ohio. Employer and employee required contributions to PERS for both retirement benefits and postretirement health care benefits are established by the Ohio Revised Code and are based on percentages of covered employees' gross salaries, which are calculated annually by the fund's actuaries.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2025**

(with summarized comparative financial information for the year ended June 30, 2024)

11. BENEFIT PLANS, (Continued)

The current employee total contribution rate is 10% of gross salaries and wages and the employer total contribution rate is approximately 14% of related gross salaries and wages. The Organization's contribution to PERS amounted to \$43,422 in 2025 and \$69,802 in 2024.

PBS Western Reserve participates as an adopting sponsor of the Greater Akron Chamber of Commerce Multiple Employer 401(k) Plan, effective January 1, 2021. Employees are eligible to make elective deferrals and receive employer matching contributions beginning two months after their hire date. Safe Harbor provisions, effective July 1, 2023, include matching contributions of 100% on employee contributions up to 4% of compensation. Participants are fully vested in their deferral and matching contribution accounts. Employer-match contributions to the plan totaled approximately \$29,159 in 2025 and \$40,814 in 2024.

12. CONCENTRATIONS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (Grants) to qualifying public telecommunications entities. The Grants are approved by the U.S. Congress each year and could be reduced in the future.

The Grants are reported in the accompanying financial statements as net assets without donor restrictions; however, certain guidelines must be satisfied in connection with application for and use of the Grants to maintain eligibility and compliance requirements, all of which have been satisfied during the fiscal year. These guidelines pertain to the use of Grant funds, recordkeeping, audits, financial reporting and licensee status with the Federal Communications Commission (FCC).

Revenue from the Corporation for Public Broadcasting (CPB) for the year ended June 30, 2025, and June 30, 2024 totaled \$1,238,936 and \$1,146,051, respectively, which was 19% and 17%, respectively of total funding revenue for each year. The loss of this funding source or a significant reduction in their funding could have a material adverse effect on the Organization's operations and financial condition.

On August 1, 2025, CPB announced it will begin winding down operations following the elimination of federal funding. The Organization anticipates that CPB funding will no longer be available beyond the year ended June 30, 2025. The loss of this funding source may have a material impact on future operations and financial results. Management is currently evaluating alternative funding sources and operational adjustments to mitigate this impact.

13. COLLABORATIVE AGREEMENT

The Organization operates under a written collaborative agreement contract with the State of Ohio (the State). The contract shall be for twenty-five years expiring on July 31, 2043, unless either party gives 180 days' notice of its intent to terminate on or before the expiration date. Under the provisions of the agreement, the State provides the Organization with the right to use certain land on which the Organization operates for \$1 in total.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors of
Northeastern Educational Television of Ohio, Inc.
Dba PBS Western Reserve

We have audited the accompanying financial statements of Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve (the Organization) as of and for the year ended June 30, 2025, and our report thereon dated October 23, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Additional Payment Due Under the Terms of the Unison Lease (Formerly known as Lockhart) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SiKich CPA LLC

Richfield, Ohio
October 23, 2025

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

SCHEDULE OF ADDITIONAL PAYMENT DUE UNDER THE TERMS OF THE UNISON LEASE
For the Year Ended June 30, 2025

I.	Billable rents of 1989	<u>\$</u>	<u>62,772</u>
II.	Billable rents for 2025	<u>\$</u>	<u>151,832</u>
III.	Difference between Line I and Line II	<u>\$</u>	<u>89,060</u>
IV.	35% of Line III	<u>\$</u>	<u>31,171</u>
	Additional payment due under the Lockhart Lease	<u>\$</u>	<u>31,171</u>