EDUCATIONAL MEDIA FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Educational Media Foundation
Rocklin, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Educational Media Foundation (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Educational Media Foundation as of December 31, 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Educational Media Foundation 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 Educational Media Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Educational Media Foundation'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 Educational Media Foundation'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Nashville, Tennessee
March 26, 2024

EDUCATIONAL MEDIA FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 28,040,871
Unconditional Promises to Give, Current Portion	6,349,153
Prepaid Expenses	9,805,170
Inventories	2,140,986
Other Receivables	4,002,915
Total Current Assets	50,339,095
PROPERTY AND EQUIPMENT	
Net of Accumulated Depreciation	181,765,142
OTHER ASSETS	
Deposits and Other	1,760,140
Unconditional Promises to Give, Net of Current Portion and Discounts	878,388
Investments in Film	3,646,171
Notes Receivable	9,498
Investments	194,163,785
FCC Radio Licenses, Permits, and Application Costs	615,548,212
Trademarks	15,852,499
Goodwill	664,421
Right-of-Use Assets	53,579,212
Total Other Assets	886,102,326
Total Assets	$ 1,118,206,563

See accompanying Notes to Consolidated Financial Statements.

EDUCATIONAL MEDIA FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 27,687,007
Current Portion of Long-Term Debt	1,655,102
Current Portion of Operating Lease Liability	13,303,612
Total Current Liabilities	42,645,721
LONG-TERM DEBT	
Long-Term Debt, Net of Current Portion and Unamortized Debt Issuance Costs	11,497,982
Operating Lease Liability, Net of Current Portion	40,799,736
Total Long-Term Debt	52,297,718
Total Liabilities	94,943,439
NET ASSETS	
Without Donor Restrictions:	
Board-Designated	102,401,688
Undesignated	892,991,020
With Donor Restrictions	27,870,416
Total Net Assets	1,023,263,124
Total Liabilities and Net Assets	$ 1,118,206,563

See accompanying Notes to Consolidated Financial Statements.

EDUCATIONAL MEDIA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT			
Contributions	$ 207,853,618	$ 12,425,913	$ 220,279,531
Business Underwriting Grants	4,577,380	-	4,577,380
Interest and Dividend Income	7,354,082	-	7,354,082
Concert Tours	6,137,458	-	6,137,458
Marketing Services	600,000	-	600,000
Royalties	158,718	-	158,718
Publishing Sales, Net of Cost of Goods Sold	571,820	-	571,820
Film Revenue	426,482	-	426,482
Miscellaneous Income	4,250,389	-	4,250,389
Net Assets Released from Restrictions	20,494,510	(20,494,510)	-
Total Operating Revenues and Support	252,424,457	(8,068,597)	244,355,860
OPERATING EXPENSES			
Program	110,820,227	-	110,820,227
General Administration	35,264,130	-	35,264,130
Fundraising	10,146,009	-	10,146,009
Total Operating Expenses	156,230,366	-	156,230,366
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	96,194,091	(8,068,597)	88,125,494
NONOPERATING ACTIVITIES			
Impairment of Intangible Assets and Investments	(13,797,427)	-	(13,797,427)
Net Loss on Disposal of Assets	(1,088,919)	-	(1,088,919)
Net Unrealized Gain on Investments	7,174,248	731,333	7,905,581
Total Nonoperating Activities	(7,712,098)	731,333	(6,980,765)
CHANGE IN NET ASSETS	88,481,993	(7,337,264)	81,144,729
Net Assets - Beginning of Year	906,910,715	35,207,680	942,118,395
NET ASSETS - END OF YEAR	$ 995,392,708	$ 27,870,416	$ 1,023,263,124

See accompanying Notes to Consolidated Financial Statements.

EDUCATIONAL MEDIA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program	General Administration	Fundraising	Total
Payroll and Related Costs	$ 42,363,025	$ 17,215,201	$ 5,509,793	$ 65,088,019
Occupancy	1,871,692	513,268	221,371	2,606,331
Listener Servicing	2,302,257	536,764	1,026,048	3,865,069
Office	748,227	5,304,130	79,980	6,132,337
Programming	5,228,725	32,182	1,239	5,262,146
Website	4,535,234	-	-	4,535,234
Promotion and Advertising	-	4,512,930	493,821	5,006,751
Donations	45,000	-	-	45,000
Travel and Meetings	2,251,134	316,230	235,132	2,802,496
Engineering	1,675,954	205,185	38,784	1,919,923
Computers and Software	8,899,895	2,054,370	673,895	11,628,160
Professional Consulting	1,121,753	936,608	778,015	2,836,376
Station Operations	28,988,218	-	-	28,988,218
Interest	565,934	364	-	566,298
Administrative	112,818	3,111,553	1,087,931	4,312,302
Depreciation and Amortization	10,110,361	525,345	-	10,635,706
Total Expenses by Function	$ 110,820,227	$ 35,264,130	$ 10,146,009	$ 156,230,366

See accompanying Notes to Consolidated Financial Statements.

EDUCATIONAL MEDIA FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 81,144,729
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	10,506,904
Amortization	128,802
Amortization of Right-of-Use Assets	14,796,635
Impairment Charge on Indefinite Lived Assets	13,797,427
Noncash Contributions	(484,731)
Net Loss on Disposal of Assets	1,088,919
Net Unrealized Gain on Investments	(7,905,581)
Net Change in Operating Assets and Liabilities:	
Unconditional Promises to Give	6,591,118
Prepaid Expenses	(4,690,070)
Inventories	(126,135)
Other Receivables	101,370
Deposits and Other	(1,020,618)
Accrued Interest on Investments	(169,012)
Accounts Payable and Accrued Expenses	(6,761,540)
Operating Lease Liabilities	(14,459,989)
Net Cash Provided by Operating Activities	92,538,228
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for Property and Equipment	(106,605,413)
Payments for FCC Radio Licenses	(25,634,209)
Payments for Trademarks	(1,987,258)
Payments for Investments in Films	(456,250)
Proceeds from Return on Investments in Films	3,324,501
Proceeds from Sale of Assets	2,241,351
Principal Payments Received on Notes Receivable	5,300
Purchase of Investments	(331,188,723)
Proceeds from Sale of Investments	265,242,754
Net Cash Used by Investing Activities	(195,057,947)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Notes Payable	(1,565,406)
Net Cash Used by Financing Activities	(1,565,406)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(104,085,125)
Cash and Cash Equivalents - Beginning of Year	132,125,996
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 28,040,871

See accompanying Notes to Consolidated Financial Statements.

EDUCATIONAL MEDIA FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Payments for Interest	$ 565,984
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES	
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	$ 17,238,687

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Educational Media Foundation (EMF) creates and distributes meaningful Christian media through K-LOVE Radio Network: Air1 Radio Network; WTA Media, LLC (WTA); AccessMore Podcasting; K-LOVE OnDemand; K-LOVE Books; and K-LOVE Films. EMF media channels include radio, film, literature, podcasting and digital content. As a Christian nonprofit organization, EMF is a member of the Evangelical Council for Financial Accountability, an organization that provides accreditation to leading Christian nonprofit organizations that faithfully demonstrate compliance with established standards for financial accountability, transparency, fundraising, and board governance.

Principles of Consolidation

The consolidated financial statements include the accounts of Educational Media Foundation and its wholly owned subsidiaries: El Dorado Licenses, Inc.; San Joaquin Broadcasting Company; EMF Corporation; EMF Property Holdings, LLC; K-LOVE/Air1 Events, LLC; Crisis Response, LLC; K-LOVE and Air1 Foundation Trust; EMF Publishing, LLC; Dare II Dream, LLC; WTA Media, LLC; and EMF TN Property Holdings, LLC. EMF is the sole stockholder of the corporations, and EMF or one of its subsidiaries is the sole member of the LLCs. EMF Corporation is the sole trustee of the K-LOVE and Air1 Foundation Trust. The K-LOVE and Air1 Foundation Trust is the sole member of WTA Media, LLC. The subsidiaries have been organized and are operated primarily to support and carry out the purposes of EMF. All material interorganizational transactions and balances have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements of EMF have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require EMF to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets in this category 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 EMF's management and the board of directors. The board of directors has adopted a policy for designating an operating contingency of $80,000,000, along with other net assets for projects or uses identified at December 31, 2023, totaling $9,500,250. The board of directors has also created a board-designated endowment in the amount of $12,901,438 at December 31, 2023.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions – Net assets in this category are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of EMF or by passage of time. Other donor restrictions are perpetual in nature, whereby the donors have stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported in the consolidated statement of activities as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying consolidated statement of activities.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as net assets with donor restrictions and releases in the current year. Expirations of donor restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished, and/or the stipulated time period has elapsed, are reported as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a discount rate consistent with the general principles for present value measurement. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Operating results in the consolidated statement of activities reflect all transactions increasing and decreasing net assets except those that EMF defines as nonoperating. Nonoperating activity includes impairment of long-lived assets, gain or loss on disposal of capital assets and investment gain or loss.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

EMF considers time deposits, certificates of deposit, and all highly liquid investments having an original maturity of three months or less to be cash equivalents.

Inventories

Inventories, which consist primarily of broadcasting equipment parts, are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is determined on the first-in, first-out method.

Property and Equipment

Property and equipment purchased by EMF are recorded at cost. EMF capitalizes equipment with an acquisition cost in excess of $5,000 and a useful life of more than one year. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 25 years for equipment, furniture and fixtures, automobiles, and software, and 39 years for buildings and leasehold improvements.

Operating Lease Right-of-Use Assets and Liabilities

EMF obtains the right to control the use of various assets under long-term agreements. EMF evaluates contracts to determine whether they include a lease, and uses the lessee nonlease component accounting policy election, for all asset classes, to account for the lease and nonlease components as a single lease component. For leases accounted for as a single lease component, there may be variability in future lease payments as the amount of the nonlease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes, are recognized in operating expenses in the period in which the obligation for those payments were incurred. Leases are recognized on the consolidated statement of financial position as right-of-use (ROU) assets with a corresponding lease liability.

Investments in Film

Investments in film, which consist primarily of investments in the production of faith-based film projects, are recorded at cost. The investments entitle EMF to receive a premium on its investment, as well as a share of film receipts, as specified in the film operating or financing agreement. Investments in films are evaluated annually for impairment. EMF performed its annual impairment tests on its investments in film as of December 31, 2023, which resulted in a noncash loss of approximately $270,000. The impairment charge reduced the carrying value of five investments.

Notes Receivable

Notes receivable are recorded at the amortized amount due. In determining collectability, management takes into consideration such factors as debtor history, payment history, and existing economic conditions. Once a note receivable is deemed uncollectible based on these factors, it is written off. Management has determined that no allowance for potentially uncollectible notes receivable was necessary at December 31, 2023.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities are recorded at fair value. Investments in marketable debt securities with readily determinable fair market values are reported at fair value. Unrealized gains and losses are included in total revenue, support, and gains in the accompanying consolidated statement of activities.

Intangible Assets

EMF classifies intangible assets as definite-lived or indefinite-lived. EMF's indefinite- lived intangible assets include primarily Federal Communication Commission (FCC) radio licenses, related permits and application costs, and trademarks. FCC radio licenses, permits, and application costs are recorded at cost. Permits and application costs represent legal and other related costs incurred to date to apply for FCC radio licenses and in preparation of going on the air.

Trademarks represent legal and other costs incurred in obtaining trademarks for the K-LOVE and Air1 radio networks.

Intangibles with indefinite useful lives are not amortized; rather, they are evaluated for impairment annually. When the life of an intangible asset previously deemed to have an indefinite life is determined to no longer be indefinite, then the asset is amortized over the identified useful life.

EMF performed its annual impairment tests on its indefinite-lived assets as of December 31, 2023, which resulted in a noncash loss of approximately $10,400,000. The impairment charge reduced the carrying value of eight stations currently carrying K-LOVE programming and one station carrying Air1 programming.

Goodwill

Goodwill represents the cost of an investment in a purchased company in excess of the underlying fair value of net identifiable assets at the date of acquisition. Goodwill is evaluated for impairment when a triggering event occurs. During the year ended December 31, 2023, certain services were discontinued. Management considered this a triggering event and as a result recorded an impairment charge of approximately $3,000,000 to related goodwill.

Income Taxes

EMF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. EMF has not entered into any activities that would jeopardize its tax-exempt status. EMF does enter into unrelated trade or business activities that result in unrelated business income. Historically, the expenses associated with this unrelated business income exceed the income. Accordingly, no provision for income taxes is recorded in the accompanying consolidated statement of activities.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

EMF receives the majority of its support from contributions received in response to periodic pledge drives for the K-LOVE and Air1 radio networks. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as net assets with donor restrictions. Unconditional promises to give are recorded as support when a valid pledge has been received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are calculated using the U.S. Treasury Long-Term Composite rates applicable at the time the promises are received. For unconditional promises to give received during the year ended December 31, 2023, the discount rates ranged from 3.96% to 4.37%. Intentions to give are recorded when the cash is received.

EMF uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined an allowance of $40,000 for unconditional promises to give was deemed necessary at December 31, 2023.

Contributed Services

Many individuals volunteer their time in performing a variety of tasks that assist EMF in its program efforts. However, no amounts have been reflected in the consolidated financial statements for donated services, as these services do not meet the criteria for recognition as set forth under GAAP.

Revenues from Contracts With Customers

A five-step model is used to determine the amount and timing of revenue recognized. The five-step model requires EMF to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, EMF satisfies the performance obligations.

EMF's revenues are generated from its operations within the United States of America and are recognized as described below:

Business Underwriting Grants – Business underwriting grants represent fees paid by businesses to EMF for concert or special event announcements. These are generally short term in nature. Business underwriting grant revenue is recognized over time as, but only if, the contracted announcements are run. Contract liabilities are recorded for payments received from customers in advance of EMF fulfilling the obligation to run the announcements, and are included in accounts payable and accrued expenses on the consolidated statement of financial position. Contract liabilities were $122,067 as of December 31, 2023.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues from Contracts With Customers (Continued)

Concert Tours – Concert tour revenue represents income earned by EMF for the marketing of the tour, and is based on an agreement with the customer for an agreed-upon percentage of net profit generated by the concert tour. Revenue is recognized at a point in time once EMF's share of the net profit can be reasonably estimated, generally at the end of the concert tour.

Live Events – Live Events revenue represents income earned by EMF for hosting live events for listeners, supporters, and fans with the purpose of furthering the mission of EMF. Revenue is primarily from ticket sales and sponsorships and is recognized at a point in time based on the terms of the agreement, generally at the end of the event.

Marketing Services – Marketing service revenue represents service fees for the development and marketing of media. Revenue is recognized over time based on the terms of the agreement, generally in the form of a monthly fee throughout the period in which services are performed.

Royalties – Royalties represent fees received for the sales of products marketed by EMF, and are based on an agreed-upon percentage of sales. Revenue is recognized at a point in time once EMF's royalties can be reasonably estimated, generally on a quarterly basis.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statement of activities. The presentation of expenses by function and nature is included in the consolidated statement of functional expenses. EMF charges direct expenses incurred for a specific function directly to the program or supporting service category. These costs can be specifically identified as being incurred for the activities of that program or supporting service. Other costs that are incurred by EMF benefit more than one program or supporting service, and are allocated on a reasonable basis that is consistently applied. Payroll and related costs are allocated based on estimates of time and effort; other costs, including depreciation, listener servicing, certain occupancy and office costs, promotion and advertising, engineering, and computers and software, are allocated based on estimates of usage or benefit received by each function. EMF reevaluates its allocation method each year to determine if there are adjustments that are necessary to the allocation method, based on actual activities conducted during the year.

Promotion and Advertising

EMF promotes its stations within local service areas. Promotion and advertising costs are expensed as they are incurred.

Subsequent Events

Management has evaluated subsequent events through March 26, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY OF ASSETS

The following represents EMF's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the consolidated statement of financial position. Amounts not available include amounts invested in the quasi-endowment that could be drawn upon if the board of directors approves that action, reserves for station acquisitions, and other board designations. The board of directors has also designated an operating contingency reserve in the amount of $80,000,000 that has not been subtracted as unavailable, as it is designated for the purpose of meeting general expenditures if the need arises. Additionally, the board of directors may vote to release board-designated net assets, making them available for general expenditures if needed.

Financial Assets - End of Year:	
Cash and Cash Equivalents	$ 28,040,871
Unconditional Promises to Give	6,349,153
Investments	194,163,785
Other Receivables	4,002,915
Total Financial Assets - End of Year	232,556,724
Amounts Not Available to be Used Within One Year:	
Board-Designated Net Assets	(102,401,688)
Add Back: Operating Contingency	80,000,000
Unavailable Board-Designated Net Assets	(22,401,688)
Net Assets with Donor Restrictions	(27,870,416)
Subtotal	(50,272,104)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ 182,284,620

EMF is substantially supported by contributions from listeners. The majority of these contributions are unrestricted and are available to meet general expenditure obligations. In order to manage liquidity, EMF has structured its financial assets to be available as its general expenditures and liabilities come due. EMF's operating contingency reserve of $80,000,000 equates to approximately seven and a half months of operating expenses.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Receipts of unconditional promises to give due in future periods are summarized as follows:

Year Ending December 31,	Amount
2024	$ 6,349,153
2025	616,800
2026	269,000
2027	114,000
2028	-
Subtotal	7,348,953
Less: Discounts on Unconditional Promises to Give	121,412
Total Unconditional Promises to Give, Net of Discounts	$ 7,227,541

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Broadcast Equipment	$ 99,324,487
Furniture and Fixtures	15,313,089
Automobiles	68,022
Software	16,859,616
Buildings	19,581,430
Leasehold Improvements	1,875,811
Land	14,694,479
Capital Projects in Process	125,932,015
Subtotal	293,648,949
Less: Accumulated Depreciation	111,883,807
Property and Equipment, Net	$ 181,765,142

Depreciation expense was $10,506,904 for the year ended December 31, 2023.

NOTE 5 FAIR VALUE AND INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Money Market Funds – Amounts are interest-bearing deposit accounts. EMF does not consider these amounts for use in general operations; therefore, they are not classified as cash and cash equivalents.

Mutual Funds and Equity Securities – Each investor in a mutual fund will typically receive units of participation or shares in the mutual fund. These shares are valued daily, based on the underlying securities owned by the mutual fund, and are usually publicly-traded equity securities. Equity securities are instruments that signify an ownership position in a corporation and represent a claim on its proportional share in the corporation's assets and profits. Ownership is determined by the number of shares an investor owns divided by the total number of shares outstanding. Equity securities are valued daily based on the closing market price in the active exchange markets.

NOTE 5 FAIR VALUE AND INVESTMENTS (CONTINUED)

Debt and Fixed-Income Securities – Corporate bonds, government bonds, and other debt and fixed income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value. Each bond series has a unique set of variables including coupon payment, number of payments, interest rate, and the maturity value. These factors are used to determine the estimated market value and can be determined daily.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although EMF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, EMF's investments at fair value:

	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	$ 67,744,085	$ -	$ -	$ 67,744,085
Mutual Funds by Investment Objective:				
Growth Funds	4,547,111	-	-	4,547,111
Blend Funds	19,113,661	-	-	19,113,661
Bond and Fixed Income	12,444,552	-	-	12,444,552
Funds	-	-	-	-
Equity Securities by Industry Type:				
Healthcare	4,501,752	-	-	4,501,752
Consumer Discretionary	1,529,619	-	-	1,529,619
Consumer Staples	1,936,500	-	-	1,936,500
Industrial	5,903,799	-	-	5,903,799
Financial Services	3,390,824	-	-	3,390,824
Communication Services	1,505,429	-	-	1,505,429
Technology	7,282,860	-	-	7,282,860
Real Estate	-	4,221,849	-	4,221,849
Basic Materials	1,510,082	-	-	1,510,082
Energy	3,413,907	-	-	3,413,907
Debt and Fixed-Income Securities:				
U.S. Treasury	45,542,136	-	-	45,542,136
Corporate	-	9,575,619	-	9,575,619
Total Investments at Fair Value	$ 180,366,317	$ 13,797,468	$ -	$ 194,163,785

NOTE 5 FAIR VALUE AND INVESTMENTS (CONTINUED)

EMF's investment securities 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 the values of investment securities will occur in the near term, and that such changes could materially affect account balances and the amounts reported in the consolidated statement of financial position.

NOTE 6 FCC RADIO LICENSES, PERMITS, AND APPLICATION COSTS

Capitalized FCC radio licenses, permits, and application costs for stations and translators consisted of the following:

Operating Stations and Translators	$ 615,303,203
Pending Stations and Translators	245,009
Total FCC Radio Licenses, Permits, and Application Costs	$ 615,548,212

NOTE 7 LONG-TERM DEBT

Long-term debt consisted of the following:

Description	Amount
Various notes payable, secured by security interests in personal property, due in periodic payments of various amounts, including interest at rates ranging up to 5%, maturing at various dates through February 2029.	$ 3,919,344
Note payable, secured by a security interest in personal property, due in monthly payments of $12,000, including interest at 7.30%, maturing in December 2033.	1,019,789
Draw down line of credit loan for a total principal of $35,000,000 due in variable rate interest-only payments maturing in July 2024. Interest rate at December 2023 was 7.50%.	5,000
Trademark license agreement, secured by interest in a trademark license, due in monthly principal payments of various amounts up to $125,000, plus imputed interest at an effective rate of 4.01%, maturing in November 2027.	8,541,783

NOTE 7 LONG-TERM DEBT (CONTINUED)

Description	Amount
Improvement compensation agreement due in monthly principal payments of $1,000 maturing in July 2030.	$ 79,000
Total Long-Term Debt	13,564,916
Less: Unamortized Debt Issuance Costs	411,832
Subtotal	13,153,084
Less: Current Portion	1,655,102
Total Long-Term Debt, Net	$ 11,497,982

Maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2024	$ 1,655,102
2025	1,744,561
2026	1,843,718
2027	6,653,856
2028	910,867
Thereafter	756,812
Subtotal	13,564,916
Less: Unamortized Debt Issuance Costs	411,832
Total Long-Term Debt	$ 13,153,084

Debt issuance costs are amortized over the life of the related debt instrument. There was no amortization of debt issuance costs for the year ended December 31, 2023.

NOTE 8 LEASE OBLIGATIONS

Operating Leases

EMF leases office space, radio tower space, land, satellite equipment, and vehicles for use in operations under operating lease agreements. The operating leases may include renewal options. Lease renewals were only included in the calculations if the renewals were considered reasonably certain to be exercised.

EMF's operating leases generally do not specify an implicit interest rate. Therefore, the incremental borrowing rate was used, based on information available at the commencement date, to determine the present value of future payments when capitalizing the operating lease ROU assets and operating lease liabilities.

EMF leases storage space and small equipment under lease agreements with durations less than 12 months, and has elected to use the short-term lease exemption, which allows for the expense to be recognized on a straight-line basis over the lease term.

NOTE 8 LEASE OBLIGATIONS (CONTINUED)

EMF's lease expense was as follows:

Operating Leases	$ 16,905,911
Short-Term Leases	1,007,398
Total Lease Expense	$ 17,913,309

The aggregate minimum annual lease payments under operating lease arrangements and discount factors used in calculating minimum lease payments on ROU assets are as follows:

Year Ending December 31	Amount
2024	$ 15,448,697
2025	12,389,569
2026	9,641,890
2027	7,190,685
2028	4,724,109
Thereafter	13,279,988
Subtotal	62,674,938
Less: Amount Representing Interest	8,571,590
Present Value of Minimum Lease Payments	54,103,348
Less: Current Maturities of Leases	13,303,612
Lease Liability, Net of Current Maturities	$ 40,799,736

Weighted-Average Remaining Lease Term:	
Operating Leases	6.0 Years
Weighted-Average Discount Rate:	
Operating Leases	4.66%

NOTE 9 AFFILIATES AND COMMITMENTS

EMF has entered into various affiliate agreements with other radio stations to rebroadcast EMF's radio format through these stations. EMF also has certain rights and obligations related to the purchase of radio stations.

Certain of these affiliate stations operate under agreements that require flat monthly fees and/or operating expense reimbursements.

NOTE 9 AFFILIATES AND COMMITMENTS (CONTINUED)

The following is a schedule of future minimum payments required under affiliate agreements requiring flat monthly fees and/or operating expense reimbursements:

Year Ending December 31,	Amount
2024	$ 1,049,589
2025	638,539
2026	512,361
2027	430,072
2028	159,171
Thereafter	186
Total	$ 2,789,918

The total payments made under affiliate agreements requiring flat monthly fees and/or operating expense reimbursements were $1,284,406 for the year ended December 31, 2023.

As of December 31, 2023, EMF has entered into a contract for the purchase of a radio signal, and has committed $546,250 for this purchase.

EMF has entered into construction and other contracts to build and equip a facility in the city of Franklin, Tennessee. As of December 31, 2023, EMF has expended approximately $121,000,000 in total for the purchased land and construction in progress for this facility. EMF had committed approximately $27,000,000 to various vendors associated with the project as of December 31, 2023.

NOTE 10 ENDOWMENT

EMF's endowment consists of 88 individual donor-restricted funds established for the purposes of organizational strength, core growth and excellence, and reach and influence. The endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of EMF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, EMF classifies as donor-restricted net assets in perpetuity: (a) the original value of gifts to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment that are required to be maintained in perpetuity, made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. EMF considers a fund to be underwater when the fair value of the fund is less than the amount of the applicable donor-restricted net assets in perpetuity. EMF has interpreted UPMIFA to permit spending from underwater funds, in accordance with the prudent measures required under the law.

NOTE 10 ENDOWMENT (CONTINUED)

In accordance with UPMIFA, EMF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of EMF; and (7) EMF's investment policies.

EMF has adopted an investment and spending policy, approved by the board of directors, of appropriating for distribution each year 3% of its endowment fund's rolling average fair value over the prior 12 quarters, through the calendar year-end preceding the fiscal year in which the distribution is planned. This policy is designed to protect the budget from the vagaries of year-to-year fluctuations in market returns, change of yields from year to year that result from changes in interest rates, dividend levels, and pay-out rates; and to provide for gradual increase in spendable earnings from year to year. Actual returns in any given year may vary from the expectations. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as to not expose the fund to unacceptable levels of risk. EMF may appropriate for expenditure as much of endowed funds as the Finance Committee determines is prudent and in line with the restricted purpose of the funds. EMF's spending policy is designed to maintain appropriate stewardship of perpetual funds. Accordingly, investment returns in excess of the spendable amount shall be retained to offset inflation.

The following represents endowment net assets composition by type:

December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 12,901,438	$ -	$ 12,901,438
Donor-Restricted Endowment Funds	-	8,125,735	8,125,735
Total	$ 12,901,438	$ 8,125,735	$ 21,027,173

NOTE 10 ENDOWMENT (CONTINUED)

Changes in endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions Specific Purpose	With Donor Restrictions In Perpetuity	Total
Endowment Net Assets - Beginning of Year	$ 11,330,609	$ (222,171)	$ 6,298,646	$ 17,407,084
Contributions	-	-	1,472,779	1,472,779
Distributions	(154,851)	(154,852)	-	(309,703)
Investment Income, Net of Investment Fees	288,167	124,942	-	413,109
Realized Losses on Investments	(572,669)	(246,765)	-	(819,434)
Unrealized Gains on Investments	2,010,182	853,156	-	2,863,338
Endowment Net Assets - End of Year	$ 12,901,438	$ 354,310	$ 7,771,425	$ 21,027,173

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires EMF to retain in perpetuity. Deficiencies of this nature exist in fourteen donor-restricted endowment funds, which together have an original value of $896,170, a fair value of $871,337, and a deficiency of $24,833 as of December 31, 2023.

NOTE 11 NET ASSETS

The following is a reconciliation of net assets without donor restrictions:

Board-Designated:	
Operating Contingency	$ 80,000,000
Media Projects	9,250,250
Third-Party Giving	250,000
Endowment	12,901,438
Total Board-Designated	102,401,688
Undesignated	892,991,020
Total Net Assets without Donor Restrictions	$ 995,392,708

NOTE 11 NET ASSETS (CONTINUED)

The following is a reconciliation of net assets with donor restrictions:

Restricted for Purpose	$ 20,098,991
Restricted in Perpetuity	7,771,425
Total Net Assets with Donor Restrictions	$ 27,870,416

Activity for net assets with donor restrictions was as follows:

Contributions Restricted for Purpose:	
Received During the Year	$ 10,953,134
Released During the Year	(3,793,517)
Net Restricted Contributions Received During the Year	7,159,617
Release of Prior Years' Purpose-Restricted Net Assets	(16,546,141)
Distribution of Endowment	(154,852)
Investment Gain on Endowment	731,333
Net Decrease in Net Assets Restricted for Purpose	(8,810,043)
Contributions Restricted in Perpetuity:	
Received During the Year	1,472,779
Net Decrease in Net Assets with Donor Restrictions	(7,337,264)
Net Assets with Donor Restrictions - Beginning of Year	35,207,680
Net Assets with Donor Restrictions - End of Year	$ 27,870,416

NOTE 12 CONCENTRATIONS AND CONTINGENCIES

In the conduct of its operations, claims are occasionally made against EMF. Some of the claims result in filing of lawsuits. In most cases, EMF is insured by its commercial insurance carrier. Management is of the opinion that no significant financial losses to EMF will result from the resolution of any such matter currently pending.

Credit Risk

EMF maintains its cash accounts in depositories that are insured by the FDIC, generally up to $250,000 per institution. As of December 31, 2023, $29,832,346 of EMF's cash accounts in depositories were uninsured.

NOTE 13 RETIREMENT PLAN

EMF sponsors a 401(k) defined contribution retirement plan covering all employees who meet the plan's age and service requirements. Eligible employees may elect to make salary deferral contributions to the plan, up to certain annual limits. EMF may elect to make discretionary matching contributions based on employee salary deferral contributions, discretionary profit-sharing contributions, or a combination of both. Employer contributions to the plan were $1,721,191 for the year ended December 31, 2023.

NOTE 14 SELF-INSURED HEALTH PLAN

EMF provides a self-insured health plan for eligible employees. EMF has purchased stop-loss insurance in order to limit its exposure, which will reimburse EMF for claims incurred for a covered individual exceeding $150,000 annually once the aggregating specific deductible of $250,000 is met, with an unlimited annual maximum benefit per covered person; or aggregate claims exceeding approximately $6,996,528, up to a maximum reimbursement of $1,000,000 annually. EMF funds its self-insurance obligations based on actual claims reported by the program's third-party administrator. Additionally, EMF has estimated a liability for claims incurred but not yet reported using industry averages and actual claims history, which is included in accrued expenses. At December 31, 2023, the accrued liability for self-insured claims incurred but not yet reported approximated $780,506.

NOTE 15 JOINT COST ALLOCATION

EMF incurred expenses that were identifiable with a particular function but served joint purposes. Expenses related to certain donor communications jointly supported program services, general administration, and fundraising. These expenses were allocated by their functional classification as follows:

Program Services	$ 1,335,484
General Administration	238,828
Fundraising	909,945
Total	$ 2,484,257

NOTE 16 SUBSEQUENT EVENTS

Subsequent to year end, the board of directors approved the use of cash on hand to pay for the remaining costs of the new facility in Franklin, Tennessee rather than drawing on the $35,000,000 line of credit loan. As such, EMF does not intend to draw any additional funds from that loan before it matures in July 2024.