

Forvis Mazars Report to the Board of Regents, Audit and Compliance Committee, and Management

Houston Public Media and Houston Public Media Foundation

Results of the 2025 Financial Statement Audit, Including Required Communications

August 31, 2025

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none"> • As of and for the year ended August 31, 2025. • Conducted in accordance with our contract dated April 17, 2025.
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
Independence	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>



Matter	Discussion
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Regents, Audit and Compliance Committee, and Management • Others within the Entity

Qualitative Aspects of Significant Accounting Policies & Practices

Significant Accounting Policies

Significant accounting policies are described in Note 2 of the audited financial statements.

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

- No matters are reportable

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates include:

- Fair value of endowment investments

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Component Unit – Houston Public Media Foundation

Our Judgment About the Quality of the Entity’s Accounting Principles

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Houston Public Media
 - Sick leave accrual – increased by \$41,635
 - Accounts Receivable – increased by \$56,259
 - Net position reclassifications – decreased by \$80,786

Uncorrected Misstatements

- No uncorrected misstatements to report

Other Required Communications

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends August 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, focuses on enhancing disclosure requirements for certain capital assets held by state and local governments. It aims to improve transparency regarding new asset types, particularly those created by recent GASB Statements like Nos. 87, 94, and 96, which introduced "right-to-use" assets. Key provisions of Statement 104 include the requirement that certain types of capital assets be disclosed separately in the capital asset note disclosures required by GASB Statement No. 34. These include lease assets reported under Statement 87; intangible right-to-use assets recognized under Statement 94; and subscription assets reported under Statement 96. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Statement 104 establishes requirements for capital assets held for sale. An asset qualifies if the government has decided to pursue the sale of the capital assets and the sale is expected to be completed within one year of the financial statement date. Governments should disclose the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Governments must disclose the historical cost and accumulated depreciation of these assets, organized by major asset class. The requirements of the Statement will take effect for financial statements starting with the fiscal year that ends August 31, 2026.

Required Communications Regarding Internal Control (AU-C 265)

Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Houston Public Media and Houston Public Media Foundation as of and for the year ended August 31, 2025, in accordance with GAAS, we considered the Entity's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:

- Board of Regents, Audit and Compliance Committee, and Management
- Others within the Entity

Categorizing Deficiencies by Severity

Deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.



Significant Deficiency

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.



Identified Deficiencies

We identified a certain deficiency in internal control that we consider to be a significant deficiency.

Management's written response to the significant deficiency identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Significant Deficiency

- The System erroneously recorded multiple transactions directly to net position causing a variance of \$80,786 between August 31, 2024, ending net position and September 1, 2024, beginning net position. Adjustments were proposed and recorded by management to decrease beginning net position by \$80,786.

Management's Response

Corrective Action: Financial Reporting, Treasury, and Endowment will jointly review and correct the HPM endowment reporting structure to ensure that all required accounts for HPM endowments flow properly into the trial balance and this structure will be monitored on a periodic basis to confirm ongoing accuracy and completeness. Financial Reporting will make recommendations as appropriate, to transactions recorded to net positions. Furthermore, Financial Reporting will initiate the rollforward trial balance process earlier in the fiscal year to prevent similar changes to net position.

Attachments

Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.



Attachment A

Management Representation Letter

Representation of:
Houston Public Media
4343 Elgin Street
Houston, Texas 77204

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
2700 Post Oak Boulevard, Suite 1500
Houston, TX 77056

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audits of our financial statements as of and for the year ended August 31, 2025 and prior year end dates covered by our auditor’s report.

Our representations are current and effective as of the date of Forvis Mazars’ report: February 27, 2026.

Our engagement with Forvis Mazars is based on our contract for services dated: April 17, 2025.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data,

documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of member's meetings, if any, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
 - e. All significant contracts.
4. We have disclosed to you all instances in which artificial intelligence (AI) systems or tools were used related to financial reporting, internal controls, and other processes relevant to the financial statements. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls related to the use of AI.
 5. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

6. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
7. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
8. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
9. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
10. We have a process to track the status of audit findings and recommendations.
11. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
12. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

Misappropriation, Misstatements, & Fraud

13. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, or net position.

14. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
15. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity’s assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, SEC or other regulators, citizens, suppliers, or others.
17. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

18. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year of the date of the financial statements and known facts thereafter without consideration of potential mitigating effects of management’s plans and concluded substantial doubt does not exist.
19. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, contributions, constraints on liquidity, significant credit quality problems, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable,, etc., that could negatively impact the entity’s ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity’s financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments and other assets; reviewing allowances for uncollectible amounts; evaluating liquidity plans; etc.

Related Parties

20. We have disclosed to you the identity of all of the entity’s related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of

America.

21. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Principal owners and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

22. Related-party transaction(s) asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in good faith to unrelated parties, and support regarding the assertion has been provided.

Litigation, Laws, Rulings & Regulations

23. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

24. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

25. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

26. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due. Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*.

27. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to

enforce environmental laws and regulations.

Nonattest Services

28. You have provided nonattest services, including the following, during the period of this engagement:
- Preparing a draft of the financial statements and related notes and supplementary information
29. With respect to these services:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

30. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
31. The entity has revised the 2024 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that required correction in the financial statements.
32. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
33. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

Transactions, Records, & Adjustments

34. All transactions have been recorded in the accounting records and are reflected in the financial statements.
35. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
36. We have everything we need to keep our books and records.
37. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
38. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

Governmental Accounting & Disclosure Matters

39. With regard to deposit and investment activities:
 - a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
 - e. Risk disclosures associated with deposit and investment securities and derivative instrument transactions are presented in accordance with GASB requirements.
40. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
41. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
42. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
43. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
44. Leases have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 87, *Leases*.
45. The government has properly measured, recorded, and disclosed compensated absences and

other salary-related payments in accordance with GASB Statement No. 101, *Compensated Absences*.

46. The government has appropriately considered and disclosed its vulnerabilities due to certain concentrations or constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
47. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

Accounting & Disclosure

48. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
49. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
50. Except as disclosed in the financial statements, the entity has:
 - a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

51. Adequate provisions, allowances, or other adjustments in basis have been recorded for any material losses from:
- a. Uncollectible receivables.

Estimates

52. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
53. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to a lack of diversity related to employers, industries, inflows of resources, workforce covered by collective bargaining agreements, providers of financial resources, or suppliers of material, labor or services loans, investments, or deposits, or constraints, which refer to a limitation imposed by an external party or by formal action of a government’s highest level of decision-making authority related to limitations on raising revenue, limitations on spending, limitations on the incurrence of debt, or mandated spending, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

54. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
- a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

GASB Statement 101, Compensated Absences

55. In connection with the adoption of GASB Statement No. 101, *Compensated Absences* (GASB 101), we represent that footnotes to the financial statements appropriately describe the adoption of GASB 101 and include all disclosures required under GASB 101.

GASB Statement 103, Financial Reporting Model Improvements

56. In connection with the adoption of GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), we represent that footnotes to the financial statements appropriately describe the adoption of GASB 103 and include all disclosures required under GASB 103.



[Derrick Wilson \(Feb 27, 2026 09:16:51 CST\)](#)

Derrick Wilson, Executive Director - HPM Business Operations

dwilson@houstonpublicmedia.org



[Joshua B Adams \(Feb 27, 2026 09:19:07 CST\)](#)

Joshua Adams, AVP, General Manager HPM

jbadams@houstonpublicmedia.org

Representation of:
Houston Public Media Foundation
4343 Elgin Street
Houston, Texas 77204-0901

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
2700 Post Oak Boulevard, Suite 1500
Houston, TX 77056

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audits of our financial statements as of and for the year ended August 31, 2025 and prior year end dates covered by our auditor’s report.

Our representations are current and effective as of the date of Forvis Mazars’ report: February 27, 2026.

Our engagement with Forvis Mazars is based on our contract for services dated: April 17, 2025.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America .

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data,

documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of member's meetings, if any, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
 - e. All significant contracts.
4. We have disclosed to you all instances in which artificial intelligence (AI) systems or tools were used related to financial reporting, internal controls, and other processes relevant to the financial statements. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls related to the use of AI.
 5. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, or net position.
7. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
8. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, SEC or other regulators, suppliers, or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

11. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.

12. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable, capital, etc., that could negatively impact the entity's ability to maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, and other assets, reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

Related Parties

13. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

14. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Principal owners and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

15. Related-party transaction(s) asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in

good faith to unrelated parties, and support regarding the assertion has been provided.

Litigation, Laws, Rulings & Regulations

16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
17. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
18. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
19. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due. Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*.
20. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

21. You have provided nonattest services, including the following, during the period of this engagement:
 - Preparing a draft of the financial statements and related notes and supplementary information
 - All federal information return preparation
22. With respect to these services:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over

these deliverables.

Financial Statements & Reports

23. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
24. The entity has revised the 2024 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that required correction in the financial statements.
25. With regard to supplementary information:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
26. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

Transactions, Records, & Adjustments

27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
29. We have everything we need to keep our books and records.
30. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
31. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

Nonprofit Accounting & Disclosure Matters

32. Adequate provisions and allowances have been accrued for any material losses from uncollectible pledges.
33. We are an entity exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated

business income or excise tax on prohibited transactions and events.

34. We acknowledge the entity is not a conduit debt obligor whose debt securities are listed, quoted, or traded on an exchange or an over-the-counter market. As a result, we acknowledge the entity does not meet the definition of a "public entity" under generally accepted accounting principles for certain accounting standards.

Accounting & Disclosure

35. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.

36. Except as reflected in the financial statements, there are no:

- a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net position.
- b. Material transactions omitted or improperly recorded in the financial records.
- c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure in accordance with Accounting Standards Codification (ASC) Topic 450, *Contingencies*, including those arising from environmental remediation obligations.
- d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
- e. Agreements to purchase assets previously sold.
- f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
- g. Guarantees, whether written or oral, under which the entity is contingently liable.
- h. Known or anticipated asset retirement obligations.

37. Except as disclosed in the financial statements, the entity has:

- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
- b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

Revenue & Accounts Receivable

38. Adequate provisions, allowances, or other adjustments in basis have been recorded for any material losses from:

- a. Uncollectible receivables.

Estimates

39. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
40. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

41. The determination of fair value of entity was based on reasonable and supportable assumptions.
42. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
 - a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax Matters

43. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to Forvis Mazars any and all known reportable tax transactions.



[Derrick Wilson \(Feb 27, 2026 09:24:04 CST\)](#)

Derrick Wilson, Executive Director HPM Business Operations

dwilson@houstonpublicmedia.org



[Joshua B Adams \(Feb 27, 2026 09:19:49 CST\)](#)

Joshua Adams, AVP, General Manager HPM

jbadams@houstonpublicmedia.org

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Independent Auditor's Report and Financial Statements
August 31, 2025 and 2024

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

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Independent Auditor's Report

Board of Regents
University of Houston System
Houston, Texas

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Houston Public Media (Stations), a division of the University of Houston System (UH System), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Stations' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Stations as of August 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Stations 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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial statements of the Stations, and do not purport to, and do not, present fairly the financial position of the UH System as of August 31, 2025 and 2024, or the changes in its financial position or its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 opinions. 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 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 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 the Stations' 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stations' basic financial statements. The Primary Institution Schedule of Functional Expenses, Component Unit Schedule of Functional Expenses, and Combining Schedule of Revenues and Expenses by Station are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Primary Institution Schedule of Functional Expenses, Component Unit Schedule of Functional Expenses, and Combining Schedule of Revenues and Expenses by Station are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

Houston, Texas
February 27, 2026

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Management's Discussion and Analysis
Years Ended August 31, 2025 and 2024

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview of the activities and the financial position of Houston Public Media (Stations), a division of the University of Houston (UH) System (UH System), as of and for the years ended August 31, 2025 and 2024. This MD&A offers a summary of significant current year activities of the Stations, resulting changes in net position, and currently known economic conditions and facts. This analysis should be read in conjunction with the Stations' financial statements and the notes to the financial statements. Responsibility for the financial statements, related note disclosures, and MD&A rests with the Stations' management.

The Stations, licensed to the Board of Regents (Board) of the UH System, are located at the UH System's Central campus and are a division of UH. Houston Public Media Foundation (HPMF) is a legally separate and tax-exempt entity meeting the criteria to be discretely presented as a component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Stations herewith present their financial statements for fiscal years ended August 31, 2025 and 2024. The financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board, which establishes accounting principles generally accepted in the United States of America for state and local governments. The three primary financial statements presented are the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows. The information contained in the financial statements of the Stations is incorporated within the UH System's Annual Financial Report.

FINANCIAL STATEMENTS

The financial statements consist of the following:

The *statement of net position* reflects the Stations' assets and liabilities using the accrual basis of accounting and represents the financial position as of the conclusion of the fiscal year. Net position is equal to assets minus liabilities. Unrestricted net position is available to the Stations for any lawful purpose. Unrestricted net position often has constraints imposed by management, which can be removed or modified. Net investment in capital assets represents the original acquisition value of capital assets including leased assets, net of accumulated depreciation and amortization, reduced by the outstanding debt obligations and lease liabilities related to those capital assets. Restricted net position represents net position that can be utilized only in accordance with third-party imposed restrictions.

The *statement of revenues, expenses, and changes in net position* identifies operating revenues received by the Stations. Additionally, the operating expenses incurred by the Stations during the fiscal year are displayed. Any revenues or expenses resulting from other than operations would also be displayed on this statement.

HOUSTON PUBLIC MEDIA
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Management's Discussion and Analysis
Years Ended August 31, 2025 and 2024
(Continued)

The *statement of cash flows* reflects the inflows and outflows of cash and cash equivalents and shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the statement of net position described above. In addition, this statement reconciles cash flows from operating activities to operating income (loss) on the statement of revenues, expenses, and changes in net position described above.

This MD&A uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the Stations' financial health may have improved or deteriorated.

CONDENSED FINANCIAL INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets:			
Current assets	\$ 5,479,810	\$ 8,167,448	\$ 9,128,474
Capital assets, net	7,069,778	4,933,821	4,888,082
Other noncurrent assets	3,414,057	2,798,765	2,189,902
Total assets	<u>15,963,645</u>	<u>15,900,034</u>	<u>16,206,458</u>
Liabilities:			
Current liabilities	1,643,976	1,637,174	1,332,220
Noncurrent liabilities	3,318,196	3,500,481	3,673,061
Total liabilities	<u>4,962,172</u>	<u>5,137,655</u>	<u>5,005,281</u>
Net position:			
Net investment in capital assets	3,569,298	1,260,761	1,051,958
Restricted for endowment funds	1,951,008	1,363,888	822,064
Unrestricted	5,481,167	8,137,730	9,327,155
Total net position	<u>\$ 11,001,473</u>	<u>\$ 10,762,379</u>	<u>\$ 11,201,177</u>

HOUSTON PUBLIC MEDIA
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Years Ended August 31, 2025 and 2024
(Continued)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 25,087,045	\$ 23,793,236	\$ 22,525,307
Operating expenses	24,981,497	24,412,446	22,653,185
Operating income (loss)	<u>105,548</u>	<u>(619,210)</u>	<u>(127,878)</u>
Nonoperating income (loss):			
Endowment distributions	(73,586)	(69,496)	(67,081)
Gain (loss) from endowment	263,989	261,221	142,569
Interest expense on lease obligations	(56,933)	(59,772)	(62,135)
Other nonoperating income	<u>76</u>	<u>48,459</u>	<u>341,094</u>
Change in net position	239,094	(438,798)	226,569
Net position, beginning of year	<u>10,762,379</u>	<u>11,201,177</u>	<u>10,974,608</u>
Net position, end of year	<u>\$ 11,001,473</u>	<u>\$ 10,762,379</u>	<u>\$ 11,201,177</u>

Operating revenues include sources that are primarily used to provide services to the Stations' viewers and listeners. The following schedule presents a summary and comparison of revenues for the fiscal years ended August 31, 2025, 2024, and 2023:

Revenues by Source	<u>FY25</u>		<u>FY24</u>		<u>FY23</u>		<u>2025-2024</u>		<u>2024-2023</u>	
	(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
<u>Operating revenues:</u>										
Contributions	\$ 13,024,375	52%	\$ 10,693,695	45%	\$ 12,247,242	54%	\$ 2,330,680	180%	\$ (1,553,547)	-123%
General support from the UH System	3,281,744	13%	3,377,552	14%	3,280,515	15%	(95,808)	-6%	97,037	9%
Program underwriting	5,184,468	21%	6,137,778	26%	3,201,009	14%	(953,310)	-73%	2,936,769	232%
Production service	578,398	2%	766,254	3%	1,067,333	5%	(187,856)	-15%	(301,079)	-24%
Corporation for Public Broadcasting (CPB) grants	2,382,400	9%	2,213,129	9%	2,143,861	10%	169,271	13%	69,268	5%
Other	<u>635,660</u>	<u>3%</u>	<u>604,828</u>	<u>3%</u>	<u>585,347</u>	<u>3%</u>	<u>30,832</u>	<u>2%</u>	<u>19,481</u>	<u>2%</u>
	<u>\$ 25,087,045</u>	<u>100.0%</u>	<u>\$ 23,793,236</u>	<u>100%</u>	<u>\$ 22,525,307</u>	<u>100%</u>	<u>\$ 1,293,809</u>	<u>100%</u>	<u>\$ 1,267,929</u>	<u>100%</u>

HOUSTON PUBLIC MEDIA
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(Continued)

Operating expenses are the costs necessary to provide those services and to fulfill the mission of the Stations. Alternatively, operating expenses categorized using the natural classification method are disclosed in the schedules of functional expenses. The following schedule presents a summary and comparison of expenses for the fiscal years ended August 31, 2025, 2024 and 2023:

Expenses by Function	FY25		FY24		FY23		2025-2024 Increase (Decrease)		2024-2023 Increase (Decrease)	
	(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
Operating expenses:										
Programming and production (PRD)	\$ 10,587,770	42%	\$ 11,048,944	46%	\$ 9,908,287	45%	\$ (461,174)	-81%	\$ 1,140,657	64%
Broadcasting, engineering and technical (BET)	2,771,752	11%	2,805,330	11%	2,768,209	12%	(33,578)	-6%	37,121	2%
Occupancy and physical plant operations (BET)	325,429	1%	325,429	1%	325,429	1%	-	0%	-	0%
Program information (PGM)	-	0%	-	0%	19	0%	-	0%	(19)	0%
Fundraising and membership development (FND)	1,453,494	6%	1,341,682	5%	1,397,178	6%	111,812	20%	(55,496)	-3%
Underwriting and grant solicitation (UND)	872,914	3%	1,011,370	4%	1,124,345	5%	(138,456)	-24%	(112,975)	-6%
Management and general (MGT)	5,619,205	22%	4,438,051	18%	3,257,627	14%	1,181,154	207%	1,180,424	67%
Institutional support (MGT)	2,956,315	13%	3,052,123	13%	2,955,086	13%	(95,808)	-17%	97,037	6%
Depreciation/amortization	394,618	2%	389,517	2%	917,005	4%	5,101	1%	(527,488)	-30%
Total operating expenses	\$ 24,981,497	100%	\$ 24,412,446	100%	\$ 22,653,185	100%	\$ 569,051	100%	\$ 1,759,261	100%

FINANCIAL HIGHLIGHTS AND ANALYSIS

Assets and Liabilities – Fiscal Year 2025 Compared to Fiscal Year 2024

- Current assets (cash and cash equivalents) slightly decreased due to one-time initiatives. Year-over-year fundraising decreased in program underwriting and production service. Staffing levels increased as vacancies were filled in several departments, and HPM's Advancement, News/Content, and Technology teams expanded to meet the strategic goals of digital and financial growth.
- Current liabilities increased slightly due to advanced payment of an annual underwriting schedule.

Assets and Liabilities – Fiscal Year 2024 Compared to Fiscal Year 2023

- Current assets (cash and cash equivalents) slightly decreased due to one-time initiatives. Year-over-year fundraising increased in program underwriting. Staffing levels increased as vacancies were filled in several departments, and HPM's Advancement and Digital teams expanded to meet the strategic goals of digital and financial growth.
- Current liabilities increased slightly due to advanced payment of an annual underwriting schedule.

Operating Revenues – Fiscal Year 2025 Compared to Fiscal Year 2024

The Stations' revenue decreased year over year in underwriting and increased in contributions due to strategic advancement initiatives and overall giving commitments. Revenue from UH General Support slightly decreased, and CPB grants slightly increased. In FY25, total operating revenue was ahead of FY24 revenue.

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(Continued)

Operating Revenues – Fiscal Year 2024 Compared to Fiscal Year 2023

The Stations' revenue increased year over year in underwriting and decreased in contributions due to strategic advancement initiatives and overall giving commitments. Revenue from UH General Support and CPB grants increased. In FY24, total operating revenue was slightly ahead of FY23 revenue.

Operating Expenses – Fiscal Year 2025 Compared to Fiscal Year 2024

The Stations' expenses in FY25 slightly increased due to several initiatives that were associated with FY24/FY23 "continuation" (staffing, technical, and studio production upgrades).

Operating Expenses – Fiscal Year 2024 Compared to Fiscal Year 2023

The Stations' expenses in FY24 increased due to several initiatives that were associated with FY23 "continuation" (staffing, technical, and studio production upgrades).

CAPITAL ASSET AND DEBT ADMINISTRATION

As of the end of fiscal 2025 and 2024, the Stations had \$7,069,778 and \$4,933,821, respectively, of capital assets, net of accumulated depreciation. These assets included buildings and building improvements, furniture and equipment, vehicles, land, and indefinite-lived intangible assets.

Title to these assets resides with the UH System, which allocates custody of the assets to the Stations for its operational needs. Accountability for capital assets is consistent with policies established by the State of Texas. Assets are depreciated over their recommended useful lives. The Stations capitalize assets when the acquisition cost exceeds certain threshold values. Funds for the acquisition of capital assets are provided from the Stations' operating revenues.

STATEMENT FROM CORPORATE FOR PUBLIC BROADCASTING ON ITS 2026 DISSOLUTION

On January 5, 2026, Public Media Station General Managers and System Leaders received notification of the dissolution of Corporation for Public Broadcasting (CPB). Over the past year, CPB has faced sustained political and legal attacks from the Administration, including efforts to terminate the CPB Board and undermine the Corporation's statutory independence; the cancellation of the Ready To Learn program; presidential executive orders attempting to direct CPB's operations; repeated interference with and freezing of the Next Generation Warning System (NGWS) grant program; and, ultimately, Congress's catastrophic decision to advance the Administration's objective by rescinding \$1.1 billion in already-appropriated federal funding for CPB and public media through the *Rescissions Act of 2025*. We faced a choice between remaining dormant or shutting down operations. After extensive deliberation, legal counsel, and input from public media leaders past and present, the Board decided to dissolve.

REQUESTS FOR INFORMATION

Questions regarding the information provided in this Annual Financial Report or requests for additional financial information should be addressed to the Executive Director – HPM Business Operations, Houston Public Media at: KUHF-FM & KUHT-TV, 4343 Elgin, Houston, Texas 77204-0008.

BASIC FINANCIAL STATEMENTS

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Statements of Net Position
August 31, 2025 and 2024

	<u>2025</u>		<u>2024</u>	
	<u>Primary Institution</u>	<u>Component Unit (HPMF)</u>	<u>Primary Institution</u>	<u>Component Unit (HPMF)</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,445,471	\$ 687,204	\$ 4,587,091	\$ 593,779
Accounts receivable	166	529,365	-	390,128
Restricted cash and cash equivalents for capital projects	757,857	-	3,210,593	-
Restricted cash and cash equivalents	17,903	604,043	110,002	531,972
Film rights, net	221,092	-	259,762	-
Other current assets	37,321	14,753	-	-
Total current assets	<u>5,479,810</u>	<u>1,835,365</u>	<u>8,167,448</u>	<u>1,515,879</u>
Noncurrent assets:				
Capital assets, net	7,069,778	14,100	4,933,821	14,100
Investments restricted for endowment	3,414,057	2,089,841	2,798,765	1,988,951
Total noncurrent assets	<u>10,483,835</u>	<u>2,103,941</u>	<u>7,732,586</u>	<u>2,003,051</u>
Total assets	<u>15,963,645</u>	<u>3,939,306</u>	<u>15,900,034</u>	<u>3,518,930</u>
Liabilities				
Current liabilities:				
Accounts payable	179,489	164,445	282,831	199,500
Accrued payroll	699,927	-	667,265	-
Employees' compensable leave	577,700	-	509,699	-
Unearned revenue	-	127,424	-	245,995
Lease liability - current portion	182,285	-	172,579	-
Interest payable	4,575	-	4,800	-
Total current liabilities	<u>1,643,976</u>	<u>291,869</u>	<u>1,637,174</u>	<u>445,495</u>
Noncurrent liabilities:				
Lease liability, less current portion	3,318,196	-	3,500,481	-
Total liabilities	<u>4,962,172</u>	<u>291,869</u>	<u>5,137,655</u>	<u>445,495</u>
Net Position				
Net investment in capital assets	3,569,298	14,100	1,260,761	14,100
Restricted:				
Nonexpendable	1,440,819	1,462,489	1,015,930	1,462,489
Expendable	510,189	638,138	347,958	551,726
Unrestricted	5,481,167	1,532,710	8,137,730	1,045,120
Total net position	<u>\$ 11,001,473</u>	<u>\$ 3,647,437</u>	<u>\$ 10,762,379</u>	<u>\$ 3,073,435</u>

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended August 31, 2025 and 2024

	2025		2024	
	Primary Institution	Component Unit (HPMF)	Primary Institution	Component Unit (HPMF)
Operating revenues:				
Contributions	\$ 13,024,375	\$ 13,778,405	\$ 10,693,695	\$ 11,997,104
General support from the UH System	3,281,744	-	3,377,552	-
Program underwriting	5,184,468	3,711,918	6,137,778	4,289,622
Production service	578,398	62,200	766,254	112,912
Corporation for Public Broadcasting (CPB) grants	2,382,400	-	2,213,129	-
Royalties	-	-	136	-
Other	635,660	80,226	604,692	72,934
Total operating revenues	<u>25,087,045</u>	<u>17,632,749</u>	<u>23,793,236</u>	<u>16,472,572</u>
Operating expenses:				
Grants to primary institution	-	14,623,766	-	13,975,110
Programming and production (PRD)	10,587,770	266,071	11,048,944	184,913
Broadcasting, engineering, and technical (BET)	2,771,752	4,405	2,805,330	247,736
Occupancy and physical plant operations (BET)	325,429	-	325,429	-
Fundraising and membership development (FND)	1,453,494	1,190,239	1,341,682	1,065,693
Underwriting and grant solicitation (UND)	872,914	872,914	1,011,370	1,095,416
Management and general (MGT)	5,619,205	202,242	4,438,051	349,985
Institutional support (MGT)	2,956,315	-	3,052,123	-
Depreciation and amortization	394,618	-	389,517	-
Total operating expenses	<u>24,981,497</u>	<u>17,159,637</u>	<u>24,412,446</u>	<u>16,918,853</u>
Operating income (loss)	<u>105,548</u>	<u>473,112</u>	<u>(619,210)</u>	<u>(446,281)</u>
Nonoperating income (expense):				
Endowment distributions	(73,586)	-	(69,496)	-
Gain from endowment	263,989	100,890	261,221	242,733
Interest expense on lease obligations	(56,933)	-	(59,772)	-
Other nonoperating income	76	-	48,459	-
Total nonoperating income	<u>133,546</u>	<u>100,890</u>	<u>180,412</u>	<u>242,733</u>
Change in net position	<u>239,094</u>	<u>574,002</u>	<u>(438,798)</u>	<u>(203,548)</u>
Net position, beginning of year	<u>10,762,379</u>	<u>3,073,435</u>	<u>11,201,177</u>	<u>3,276,983</u>
Net position, end of year	<u>\$ 11,001,473</u>	<u>\$ 3,647,437</u>	<u>\$ 10,762,379</u>	<u>\$ 3,073,435</u>

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Statements of Cash Flows
Years Ended August 31, 2025 and 2024

	2025	2024
	Primary institution	Primary institution
Cash flows from operating activities:		
Proceeds from contributions	\$ 13,024,375	\$ 10,693,695
Proceeds from CPB grant	2,382,400	2,213,129
Proceeds from program underwriting	5,184,302	6,138,071
Proceeds from other revenues	1,214,058	1,371,082
Payments to suppliers for goods and services	(7,458,774)	(7,005,324)
Payments to employees	(8,572,293)	(8,446,405)
Payments for broadcasting fees	(5,186,314)	(4,785,991)
Net cash provided by operating activities	587,754	178,257
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,530,575)	(435,256)
Purchase of film rights	(51,763)	(224,622)
Interest paid on lease obligations	(56,933)	(59,771)
Payments for right-to-use lease asset	(172,579)	(163,063)
Net cash used in capital and related financing activities	(2,811,850)	(882,712)
Cash flows from (used in) noncapital and related financing activities:		
Proceeds from UH System	-	100,000
Payments to UH System	(462,359)	(468,894)
Net cash provided by (used in) noncapital and related financing activities	(462,359)	(368,894)
Change in cash and cash equivalents	(2,686,455)	(1,073,349)
Cash and cash equivalents, beginning of year	7,907,686	8,981,035
Cash and cash equivalents, end of year	\$ 5,221,231	\$ 7,907,686
Cash and cash equivalents are presented on the Statement of Net Position as:		
Statement of Net Position as:		
Cash and cash equivalents	\$ 4,445,471	\$ 4,587,091
Restricted cash and cash equivalents for capital projects	757,857	3,210,593
Restricted cash and cash equivalents	17,903	110,002
	\$ 5,221,231	\$ 7,907,686
Reconciliation of operating loss to net cash provided by operating activities:		
operating activities:		
Operating income/(loss)	\$ 105,548	\$ (619,210)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	394,618	389,517
Amortization of film rights	90,433	112,006
Decrease (increase) in accounts receivable	(166)	293
Increase (decrease) in accounts payable	(103,342)	235,312
Increase in accrued payroll	32,662	17,442
Increase in employees' compensable leave	68,001	42,897
Total adjustments	482,206	797,467
Net cash provided by operating activities	\$ 587,754	\$ 178,257

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Notes to Basic Financial Statements
August 31, 2025 and 2024

(1) Entity

Houston Public Media (Stations or Primary Institution) of the University of Houston (UH) System (UH System), which consists of a noncommercial, listener-supported radio station (KUHF), and a viewer-supported television station (KUHT), serves as Houston's National Public Radio (NPR) affiliate and classical music source and Houston's Public Broadcasting Services (PBS) affiliate. KUHF signed on the air in 1950 as a public radio station. KUHT signed on the air on May 25, 1953 as the nation's first noncommercial educational television station. KUHF provides news and cultural programming at both local and national levels. KUHT provides the building blocks for the Stations' schedule with locally produced and acquired programs selected primarily for their appeal to a national audience; programs chosen on the basis of quality and audience interests are presented uninterrupted by commercial announcements. The Stations, licensed to the Board of the UH System, are located at the UH System's Central campus and are a division of the UH System. As a division of the UH System, the Stations are exempt from federal income taxes other than taxes on unrelated business income, if any. The Stations operate 24 hours a day. The Stations are located in the fourth largest metropolitan area of the United States. These financial statements present financial information that is attributable to the Stations and do not purport to, and do not, present fairly the financial position of the UH System.

The Stations are dedicated to education and outreach through a wide variety of activities, such as community advancement, and expanding and strengthening partnerships and collaborations with key arts organizations in Houston. In pursuing all the dissimilar goals, the Stations have consistently used cutting edge technology to extend the value of its services.

KUHT is a full-service television station licensed to UH. The studio facilities are on the UH campus in the LeRoy and Lucile Melcher Center for Public Broadcasting. The transmitter facilities are located in Missouri City, Texas. The digital video services offered today include one high-definition program service and two standard-definition services. KUHT was the first Houston television station to offer closed captioning for hearing impaired viewers and descriptive video for visually impaired persons. It was the first in Houston to offer stereo broadcasts and the first to make use of the Second Audio Program capabilities to provide additional services to the Greater Houston area, including access to the Houston Taping for the Blind radio service. The broadcast signal reaches 33 counties in southeast Texas and is carried on numerous cable television systems, as well as both the Dish Network and DirecTV satellite services.

KUHF's new media technologies are rapidly developing with the changing landscape of on-demand media around the world. Services include all news and all music internet streams; podcasts; on-demand shows; user interactive event calendars; RSS feeds; and iPhone, Android, and iPad applications.

Houston Public Media Foundation (HPMF), formerly known as the Association for Community Broadcasting (ACB) and as the Association for Community Television (ACT), was organized in 1969 as a Texas nonprofit corporation, primarily for the purpose of providing financial and other support to KUHT, Channel 8, in Houston, Texas. On January 25, 2005, the Board of the UH System and ACT agreed that the same services provided to KUHT would also be provided to KUHF and thus adopted the ACB name. On January 30, 2014, ACB changed its name to HPMF to be more aligned with the Stations' new branding under the newly formed Houston Public Media division of UH.

The UH System and HPMF, as part of an ongoing agreement, have stipulated that all grants for the Stations' programming and other activities will be deposited with the UH System's Office of Sponsored Programs or, at the discretion of the general manager of the Stations, deposited in accounts maintained by HPMF and immediately and exclusively available to the Stations.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Notes to Basic Financial Statements
August 31, 2025 and 2024

HPMF is directed by a Board of Directors, who are elected by other HPMF Directors, and is managed on a daily basis by a combination of Board Officers and the Stations' employees. There are no separately issued financial statements of HPMF.

HPMF is a legally separate and tax-exempt entity meeting all of the following criteria to be discretely presented as a component unit. These criteria are as follows:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The financial statements of the Primary Institution and its component unit, HPMF, are presented using the same categories in order to provide consistency. HPMF is not a governmental entity, and as such, current year data has been made to conform to reporting under Governmental Accounting Standards Board (GASB) standards.

(2) Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies of the Stations, which affect significant elements of the accompanying financial statements:

a. Basis of Accounting

The financial accounting records of the Stations and HPMF are maintained by the UH System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

The financial statements for both the Stations and HPMF are presented using the economic resources measurement focus and the accrual basis of accounting whereby revenues are recorded when earned and all expenses are recorded when they have been incurred.

b. Reporting Guidelines

The Stations are reported as a single-purpose business-type activity entity. In addition, the Stations' financial statements have been prepared in accordance with the CPB's *Application Principles of Accounting and Financial Reporting to Public Telecommunications Entities*.

c. Net Position

In the statements of net position, net position includes the following:

- (i) *Net investment in capital assets* – represents the Stations' or HPMF's original acquisition value of capital assets, including leased assets, net of accumulated depreciation and amortization, reduced by the outstanding debt obligations and lease liabilities related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Notes to Basic Financial Statements
August 31, 2025 and 2024

(ii) *Restricted* – reports the constraints placed on the use of net position by either parties and/or enabling legislation, reduced by any liabilities to be paid from these assets.

Nonexpendable restricted net position – represents endowment principal which cannot be used for operational purposes and which is restricted in perpetuity.

Expendable restricted net position – represents income received from an endowment, which are available for purposes restricted by the donors, and can include grants and gifts restricted by the donor for a specific purpose.

(iii) *Unrestricted net position* – represents resources that are available for the support of the Stations' or HPMF's operations.

When the Stations or HPMF incur an expense for which both restricted and unrestricted resources may be used, it is the policy of management to use restricted resources first then unrestricted resources.

d. Revenues

Appropriations from the University are recorded as revenues within production services, program underwriting, and other in the statement of revenues, expenses, and changes in net position when an expenditure is recorded.

Unrestricted contributions and gifts do not have binding agreements and are recorded as revenues when received. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

Underwriting revenues are contributions and are recognized as support in the period received.

e. Accounts Receivable

Accounts receivable are stated at the amount billed to customers or grantors. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. There was no allowance for doubtful accounts recorded at August 31, 2025 and 2024.

f. Cash and Cash Equivalents

Cash and cash equivalents are considered to be claims on cash, cash on hand, and demand deposits with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents and restricted cash for the Stations represent the Stations' prorated share of commingled cash and cash equivalents held and invested by the UH System acting as the Stations' fiscal agent to optimize the rate of return. All of the funds included in cash and cash equivalents are insured or registered or are securities held by the UH System or its agent in the UH System's name.

Immediately upon formal written notification of an approved appropriation or grant, the UH System permits the Stations to draw cash against the full appropriation or grant (in compliance with the terms of the appropriation or grant) regardless of whether the UH System has received the related funds.

For current accounts, the UH System allocated a percentage of the interest income earned to the Stations at a fixed rate based on its monthly average cash balance.

HOUSTON PUBLIC MEDIA
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Notes to Basic Financial Statements
August 31, 2025 and 2024

g. Capital Assets

Capital assets represent buildings and equipment acquired primarily for the operation of the Stations. Title of the buildings and equipment rests with the State of Texas (State) in the name of the UH System and, therefore, such assets can be transferred to or from the Stations at the discretion of the UH System. The threshold for capitalization of assets is \$5,000 and over. Capital assets are stated at cost at the date of acquisition or estimated acquisition value at the date of donation. Expenditures for repairs and maintenance are charged to current operating expenses as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	15-22 years
Furniture and equipment	3-15 years
Intangible and other assets	10 years
Land	Not depreciable
Indefinite-lived intangible assets	Not depreciable

Useful lives are established by a uniform classification system maintained by the State and are measured from the date of acquisition.

Right-of-use (ROU) lease assets are included in capital assets and amortized over the shorter of the lease term or the useful life of the underlying asset.

h. Film Rights

Film rights purchased are amortized over the respective contract periods on a straight-line basis or over the period of expected usage. Estimated useful lives of such rights range from one to five years.

i. In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Stations report gifts of equipment, materials, professional services, and other nonmonetary contributions as support in the accompanying statement of revenues, expenses, and changes in net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expenses, as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

In-kind contributions included in revenues and expenses in the accompanying statements of revenues, expenses, and changes in net position consist of general support from the UH System, which is further described in *Note 7*.

The fair value of merchandise contributed by third parties in connection with the Stations' fundraising activities is not included in the accompanying financial statements. Donated in-kind contributions of services and other intangibles, as well as promotional merchandise and donated personal services, are also not included in the accompanying financial statements.

HOUSTON PUBLIC MEDIA
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Notes to Basic Financial Statements
August 31, 2025 and 2024

j. Corporation for Public Broadcasting Community Service Grants

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 (CSG) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the *Communications Act*, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

Any remaining CSG funds and other restricted CPB grant funds at fiscal year-end are reported as restricted cash and restricted-expendable net position on the statements of net position.

k. General Support from the UH System

General support from the UH System consists of allocated institutional support and physical plant costs (indirect administrative support) incurred by the UH System for which the Stations receive benefits.

Indirect administrative support is calculated using CPB's Standard Method. For purposes of this calculation, expenses for non-broadcasting activities and unrelated business income taxes are removed from the Stations' total operating expenses, along with depreciation, amortization, in-kind contributions, and donated property and equipment to determine the Station's net direct expenses.

For the years ended August 31, 2025 and 2024, there were no non-broadcasting activities or unrelated business income taxes.

l. Operating Activities

The Stations' policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services to the Stations' audience or to further HPMF's exempt purpose. Revenues associated with, or restricted by donors to use for, capital improvements, and revenues and expenses that result from financing and investing activities are recorded as nonoperating revenues. *American Rescue Plan Act* (ARPA) stabilization funds are also included within nonoperating activities, as these funds did not result from normal operations of the Stations or HPMF.

m. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

HOUSTON PUBLIC MEDIA
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Notes to Basic Financial Statements
August 31, 2025 and 2024

n. *Employees' Compensable Leave*

The liability for employees' compensable leave represents employees' accrued annual leave based on length of service subject to certain limitations as defined by state statute and UH System policies.

o. *Unearned Revenues*

Grant and program underwriting revenues received relating to the period after fiscal year-end are reported as unearned revenues.

p. *Advertising*

Advertising costs are charged to operations when incurred. The Stations' advertising expense for the years ended August 31, 2025 and 2024 was \$141,600 and \$196,531, respectively.

q. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

r. *Pension and Other Postemployment Benefits*

As the Stations are a department of the UH System, any pension and other postemployment benefits liabilities are reported by the UH System. The UH System Annual Financial Statements may be obtained from: <https://uh.edu/office-of-finance/finance-reporting/>.

s. *New Accounting Pronouncements*

In June 2022, GASB issued Statement No.101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. This Statement supersedes prior guidance based on vesting and instead requires recognizing a liability only when leave is more likely than not to be used, paid in cash, or otherwise settled. The Stations adopted this Statement for the fiscal year ended August 31, 2025, which changed the methodology used to calculate compensated absences. The adoption resulted in a sick leave accrual of \$41,634 for the year ended August 31, 2025. The Stations did not restate the FY24 because it had no material impact on the financials.

In December 2023, GASB issued Statement No.102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. This Statement requires governments to disclose potential risks arising from vulnerabilities due to certain concentrations or constraints when those conditions make the government vulnerable to a substantial impact, and when associated events have occurred, are in process, or are more likely than not to occur within 12 months of the issuance of the financial statements. The Stations adopted this Statement for the fiscal year ended August 31, 2025. The adoption did not impact amounts previously reported in net position, and no new disclosures were required, as management was not aware of any concentrations or constraints with related events that met all of the disclosure criteria as of the issuance of these financial statements.

HOUSTON PUBLIC MEDIA
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Notes to Basic Financial Statements
August 31, 2025 and 2024

t. Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with fiscal year ending August 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, focuses on enhancing disclosure requirements for certain capital assets held by state and local governments. It aims to improve transparency regarding new asset types, particularly those created by recent GASB Statements like Nos. 87, 94, and 96, which introduced "right-to-use" assets. Key provisions of Statement 104 include the requirement that certain types of capital assets be disclosed separately in the capital asset note disclosures required by GASB Statement No. 34. These include lease assets reported under Statement 87; intangible right-to-use assets recognized under Statement 94; and subscription assets reported under Statement 96. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Statement 104 establishes requirements for capital assets held for sale. An asset qualifies if the government has decided to pursue the sale of the capital assets and the sale is expected to be completed within one year of the financial statement date. Governments should disclose the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Governments must disclose the historical cost and accumulated depreciation of these assets, organized by major asset class. The requirements of the Statement will take effect for financial statements starting with fiscal year ending August 31, 2026.

u. Revision

Certain immaterial revisions have been made to the 2024 financial statements of HPMF for invoices in the amount of \$84,046 that should have been accrued in 2024. These revisions did not have a significant impact on the financial statement line items impacted.

v. Income Taxes

The UH System, of which the Stations are a division, is a university established as an agency of the State of Texas prior to 1969 and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code of 1986 (IRC). However, as a state college or university, the UH System is subject to unrelated business income pursuant to IRC Section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2025 and 2024.

HPMF, whose purpose is to raise money for the Stations, is exempt from income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). No material unrelated business income tax was incurred by HPMF for the years ended August 31, 2025 and 2024.

Accordingly, no provision for income taxes has been made in the accompanying financial statements.

HOUSTON PUBLIC MEDIA
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Notes to Basic Financial Statements
August 31, 2025 and 2024

(3) Endowment Funds

a. Primary Institution

Gifts to the UH System are placed in the UH System's endowment fund (Endowment Fund), which is a pooled investment of individual endowments benefiting the entire UH System.

The Endowment Fund allocated income (net of management fees) to the individual endowments based on an income allocation policy that establishes the income payment rate as a percentage of the average of the outstanding endowment's fair value in the previous 12 fiscal quarters. That percentage was 4% in fiscal years 2025 and 2024. If an endowment was in existence less than 12 quarters, the average was based on the number of quarters in existence.

The deposits and investments of the Stations and HPMF are exposed to certain inherent risks, such as credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The deposits and investments with the Endowment Fund are exposed to risks that have the potential to result in losses.

Those risks and their definitions are:

- Credit risk – the risk an insurer or counterparty to an investment will not fulfill its obligation.
- Custodial credit risk – the risk that in the case of default by the counterparty a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to \$250,000 at each financial institution. As of August 31, 2025 and 2024, HPMF had cash deposits held by Amegy Bank in the amount of \$1,041,246 and \$875,751, respectively, that were uninsured and uncollateralized. The Stations did not have any balances that were uninsured or uncollateralized as of August 31, 2025 or 2024, as all cash balances represent the claim of cash at UH and not balances held at a financial institution.
- Concentration risk – the risk of loss attributable to the size of a government's investment in a single issuer.
- Interest rate risk – the risk that changes in interest rates will adversely affect the fair value of investments.
- Foreign currency risk – the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment.

During fiscal years 2025 and 2024, the Endowment Management Committee of the UH System Board continued to review existing objectives, risks, asset allocation, and manager structure within the endowment portfolio. The Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return. Further information regarding the investment balances and risks with the Endowment Fund, which does not have a credit rating, may be obtained from the UH System Office of the Treasurer.

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The following summarizes the Stations' investment activity for the years ended August 31, 2025 and 2024:

Balance, September 1, 2023	\$	2,189,902
FY24 distributions		(69,496)
FY24 contributions		417,138
FY24 realized/unrealized gains		261,221
		2,798,765
Balance, August 31, 2024		2,798,765
FY25 distributions		(73,586)
FY25 contributions		424,889
FY25 realized/unrealized gains		263,989
		3,414,057
Balance, August 31, 2025	\$	3,414,057

Unrealized gains and losses for each year are recorded in the accompanying statements of revenues, expenses, and changes in net position.

b. Component Unit (HPMF)

The gifts received by HPMF to create endowed accounts are invested in the HPMF Endowment Fund Investment Pool (the Investment Pool), which is operated and overseen by the HPMF Endowment Fund (Endowment) and Gift Committee and held by the University of Houston Foundation (the U of H Foundation). The Investment Pool combines the assets of all endowment fund accounts and is allocated to external investment managers. The U of H Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Thus, in any given year, any excess over the amount distributed from the Endowment will be reinvested to protect the capital against erosion by inflation.

The Endowment's spending policy is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term real growth, the Endowment should have as a goal that its total distributions and expenses not exceed the Endowment's total inflation-adjusted return on investments. Consistent with the Endowment's long-term investment objectives, the Board of Directors established the spending policy, which generally permits total distributions and expenses (including but not limited to investment management fees) not in excess of an amount equal to 4% of the average net asset value of the Endowment over the prior three years (or the life of the Endowment if shorter than three years). The Board of Directors may authorize distributions in excess of the 4% when the Stations have the need to fund one-time capital expenditures.

The Endowment has a related operating account to which annual income distributed from the endowment funds is deposited and to which expenditures, in accordance with the donor's wishes, may be charged. In the event that there is a balance in the Endowment operating account at fiscal year-end, it will automatically be transferred back to the endowment funds on a prorated basis (according to the income distributed). This procedure is called Endowment Capitalization. It is in the Endowment's best interest that surplus funds are capitalized, since they will yield new units and thus generate additional income in future years.

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The Investment Pool is invested with an external investment manager in commingled funds who invests, for example, in marketable securities, fixed income, alternative investments, real estate, and cash equivalents. The Investment Pool reported a fair value of \$2,089,841 and \$1,988,951 as of August 31, 2025 and 2024, respectively, which has been estimated by fund managers in the absence of readily available market values and is not publicly traded. These investments are domestic and international in nature and risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk, and investment manager risk.

The U of H Foundation holds the Investment Pool and does not have a credit rating. Further information regarding the investment balances and risks with the U of H Foundation may be obtained from HPMF business offices by calling 713.748.8888.

The following summarizes HPMF's activity for the years ended August 31, 2025 and 2024:

Balance, September 1, 2023	\$ 1,746,218
FY24 realized/unrealized gains	<u>242,733</u>
Balance, August 31, 2024	1,988,951
FY25 realized/unrealized gains	<u>100,890</u>
Balance, August 31, 2025	<u><u>\$ 2,089,841</u></u>

(4) Capital Assets

Capital asset balances and activity for the year ended August 31, 2025 were as follows for the Stations:

	2024	Additions	Dispositions	2025
Capital assets:				
Buildings and building improvements	\$ 12,706,461	\$ -	\$ -	\$ 12,706,461
Furniture and equipment	8,994,710	77,838	44,984	9,027,564
Intangible and other assets	75,000	-	-	75,000
Construction in progress	<u>309,235</u>	<u>2,452,737</u>	<u>-</u>	<u>2,761,972</u>
Total capital assets	22,085,406	2,530,575	44,984	24,570,997
Less accumulated depreciation and amortization	<u>17,151,585</u>	<u>394,618</u>	<u>44,984</u>	<u>17,501,219</u>
Net capital assets	<u><u>\$ 4,933,821</u></u>	<u><u>\$ 2,135,957</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,069,778</u></u>

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Capital asset balances and activity for the year ended August 31, 2025 were as follows for HPMF:

	<u>2024</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2025</u>
Capital assets:				
Land	\$ 14,100	\$ -	\$ -	\$ 14,100
Program costs	652,089	-	-	652,089
Furniture and equipment	424,249	-	-	424,249
Other assets	4,050	-	-	4,050
Accounting software – FM	55,105	-	-	55,105
Accounting software – TV	55,105	-	-	55,105
	<u>1,204,698</u>	<u>-</u>	<u>-</u>	<u>1,204,698</u>
Total capital assets	1,204,698	-	-	1,204,698
Less accumulated depreciation	<u>1,190,598</u>	<u>-</u>	<u>-</u>	<u>1,190,598</u>
	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>
Net capital assets	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>

Capital asset balances and activity for the year ended August 31, 2024 were as follows for the Stations:

	<u>2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2024</u>
Capital assets:				
Buildings and building improvements	\$ 12,706,461	\$ -	\$ -	\$ 12,706,461
Furniture and equipment	8,957,722	289,516	252,528	8,994,710
Intangible and other assets	75,000	-	-	75,000
Construction in progress	163,495	145,740	-	309,235
	<u>21,902,678</u>	<u>435,256</u>	<u>252,528</u>	<u>22,085,406</u>
Total capital assets	21,902,678	435,256	252,528	22,085,406
Less accumulated depreciation and amortization	<u>17,014,596</u>	<u>389,517</u>	<u>252,528</u>	<u>17,151,585</u>
	<u>\$ 4,888,082</u>	<u>\$ 45,739</u>	<u>\$ -</u>	<u>\$ 4,933,821</u>
Net capital assets	<u>\$ 4,888,082</u>	<u>\$ 45,739</u>	<u>\$ -</u>	<u>\$ 4,933,821</u>

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Capital asset balances and activity for the year ended August 31, 2024 were as follows for HPMF:

	<u>2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2024</u>
Capital assets:				
Land	\$ 14,100	\$ -	\$ -	\$ 14,100
Program costs	652,089	-	-	652,089
Furniture and equipment	424,249	-	-	424,249
Other assets	4,050	-	-	4,050
Accounting software – FM	55,105	-	-	55,105
Accounting software – TV	55,105	-	-	55,105
Total capital assets	<u>1,204,698</u>	<u>-</u>	<u>-</u>	<u>1,204,698</u>
Less accumulated depreciation	<u>1,190,598</u>	<u>-</u>	<u>-</u>	<u>1,190,598</u>
Net capital assets	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>

(5) Investments Restricted for Endowment and Programs

The Stations' investments restricted for endowment are placed in the Endowment Fund, which is a pooled investment of individual endowments. HPMF has investments restricted for endowment and investments restricted for programs in an external investment pool held with the U of H Foundation. None of the external investment pools are publicly registered and the investments may only be redeemed by action of the Board of Directors. The Endowment Fund attempts to preserve the real (inflation adjusted) purchasing power of endowment assets, when measured over rolling periods of at least five years, and to outperform the capital markets in which the endowment assets are invested, measured over rolling periods of three to five years. The U of H Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The U of H Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Stations' and HPMF's investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with GASB No. 72, *Fair Value Measurement and Application*, for investments in pooled funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or shares as publicly quoted. Investments restricted for endowment in which a public market does not exist are based on the Stations' and HPMF's ownership interest in the net asset value (NAV) of each fund as reported by the fund managers. Investments are reported at NAV and are not categorized according to fair value.

The Stations had the following recurring fair value measurements as of August 31, 2025 and 2024:

- Pooled investments of \$3,414,057 and \$2,798,765, respectively, are valued at fair value per share of the pool's underlying portfolio.

HPMF had the following recurring fair value measurements as of August 31, 2025 and 2024:

- Pooled investments of \$2,089,841 and \$1,988,951, respectively, are valued at fair value per share of the pool's underlying portfolio.

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There were no unfunded commitments related to the endowment funds, and the redemption period for the funds is daily.

(6) Film Rights

KUHT pays for the right to use certain films in its broadcasting activities. The costs of those rights are amortized over the purchased periods. Changes in the costs of film rights for the years ended August 31, 2025 and 2024 were as follows:

Balance, September 1, 2023	\$	147,146
FY24 additions		224,622
FY24 amortization		(112,006)
		259,762
Balance, August 31, 2024		259,762
FY25 additions		51,763
FY25 amortization		(90,433)
		221,092
Balance, August 31, 2025	\$	221,092

(7) General Support from the UH System

General support from the UH System includes building and related occupancy costs donated by the UH System and is recorded in operating revenues and expenses. The occupancy costs are determined based on the net book value of the building and tower, as well as the square footage of the building and tower utilized by the Stations. Occupancy cost was \$325,429 in 2025 and 2024. The UH System also provides indirect administrative support and maintenance support to the Stations, which are recorded in operating revenues and expenses based on the UH System's allocation methods. Indirect administrative support amounted to \$3,281,744 and \$3,377,552 in 2025 and 2024, respectively.

(8) Leases

The Stations recognize ROU assets and corresponding lease liabilities for all significant leases that are not considered short-term. The Stations lease tower and antenna usage through a lease agreement that extends through the Stations' fiscal year 2039. The ROU lease asset has been discounted at a rate of 1.59%. As of August 31, 2025 and 2024, the ROU asset was \$4,271,530 and accumulated amortization was \$1,144,160 and \$915,328, respectively. The ROU lease asset is included in note (4) Capital Assets and categorized in furniture and equipment.

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Future maturities of lease payments are as follows:

<u>Year Ending August 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2026	\$ 182,286	\$ 54,107	\$ 236,630
2027	192,356	51,122	243,729
2028	202,669	48,107	251,041
2029–2033	1,184,635	186,610	1,372,795
2034–2038	1,509,836	79,637	1,591,446
2039	228,699	1,072	230,069
	<u>\$ 3,500,481</u>	<u>\$ 420,655</u>	<u>\$ 3,925,710</u>

(9) Transactions Between Primary Institution and Component Unit

Cash expenditures made by HPMF on behalf of the Stations, such as expenditures associated primarily with fundraising for the Stations and production of the Stations' local programs, are recorded as revenues and expenses for the Stations. Such cash expenditures for the fiscal years ended August 31, 2025 and 2024 amounted to \$2,535,870 and \$2,859,697, respectively, and have been included in the contributions, and production service revenues and in operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

(10) Significant Concentrations

Information related to significant concentrations of revenues for the Stations and HPMF, except as otherwise disclosed, is as follows:

a. Revenues

The Stations received significant revenue from two sources in 2025 and 2024. CPB provided approximately 9% of revenues, and UH provided approximately 13% in cash, support, and donated facilities. For the year ended August 31, 2024, CPB provided approximately 9% of revenues, and UH provided approximately 14% in cash, support, and donated facilities.

There were no significant concentrations of revenues for HPMF.

(11) Community Service Grants (CSG)

The Station receives CSGs from CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

<u>Year of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at August 31, 2025</u>
		<u>2021-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	
2022-23	\$ 2,404,872	\$ 2,141,706	\$ 153,164	\$ 92,099	\$ 17,903

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Notes to Basic Financial Statements
August 31, 2025 and 2024

(12) Restrictions on Net Position

Included in restricted expendable net position at August 31, 2025 is restricted cash from unspent CSG grants of \$17,903 and endowment earnings of \$492,286 for the Stations and endowment earnings of \$638,138 for HPMF. Included in restricted expendable net position at August 31, 2024 is restricted cash from unspent CSG grants of \$110,002 and endowment earnings of \$237,956 for the Stations and endowment earnings of \$551,726 for HPMF. The restricted nonexpendable net position at August 31, 2025 and 2024 contains the endowment balances of \$1,440,819 and \$1,015,930, respectively, for the Stations. The restricted nonexpendable net position at August 31, 2025 and 2024 contains the endowment balance of \$1,462,489 for HPMF for both years.

(13) Subsequent Events

On January 5, 2026, Public Media Station General Managers and System Leaders received notification of the dissolution of Corporation for Public Broadcasting.

SUPPLEMENTARY INFORMATION

HOUSTON PUBLIC MEDIA
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Primary Institution Schedule of Functional Expenses
Year Ended August 31, 2025

Schedule 1

Class	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Program Information (PGM)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Salaries and wages	\$ 4,016,102	\$ 660,039	\$ -	\$ 4,676,141	\$ 194,066	\$ 1,891,050	\$ -	\$ 2,085,116	\$ 6,761,257
Fringe benefits	1,177,213	167,737	-	1,344,950	57,854	508,895	-	566,749	1,911,699
Financial and legal services	2,918	1,196	-	4,114	119	334,082	-	334,201	338,315
Fundraising	8,328	4,980	-	13,308	183,160	19,964	-	203,124	216,432
Membership fees	157	80	-	237	10,485	79,248	-	89,733	89,970
Other expenses	724,867	287,122	-	1,011,989	640,115	478,706	872,914	1,991,735	3,003,724
Mail services	1,298	384	-	1,682	182,494	1,735	-	184,229	185,911
Printing and reproduction services	-	-	-	-	48,611	19,140	-	67,751	67,751
Professional services	1,034,610	101,254	-	1,135,864	32,224	854,132	-	886,356	2,022,220
Program rights	3,364,493	407,383	-	3,771,876	-	1,164,871	-	1,164,871	4,936,747
Rental and leases	30,743	283,160	-	313,903	(14,620)	(197,407)	-	(212,027)	101,876
Repairs and maintenance	175,000	237,068	-	412,068	-	364,743	-	364,743	776,811
Supplies and materials	23,713	247,176	-	270,889	119,039	59,734	-	178,773	449,662
Telephone	-	123,477	-	123,477	-	4,273	-	4,273	127,750
Travel	28,328	8,709	-	37,037	(53)	28,459	-	28,406	65,443
Utilities	-	241,987	-	241,987	-	7,580	-	7,580	249,567
Total expenses before in-kind	10,587,770	2,771,752	-	13,359,522	1,453,494	5,619,205	872,914	7,945,613	21,305,135
In-kind	-	325,429	-	325,429	-	2,956,315	-	2,956,315	3,281,744
Total expenses before depreciation and amortization	10,587,770	3,097,181	-	13,684,951	1,453,494	8,575,520	872,914	10,901,928	24,586,879
Depreciation and amortization	-	77,838	-	77,838	-	316,780	-	316,780	394,618
Total operating expenses	\$ 10,587,770	\$ 3,175,019	\$ -	\$ 13,762,789	\$ 1,453,494	\$ 8,892,300	\$ 872,914	\$ 11,218,708	\$ 24,981,497
Percentage of total expenses before depreciation	43%	13%	0%	56%	6%	35%	4%	44%	100%

HOUSTON PUBLIC MEDIA
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Component Unit (HPMF) Schedule of Functional Expenses
Year Ended August 31, 2025

Schedule 2

Class	Grants to Primary Institution	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Financial and legal services	\$ -	\$ 11	\$ -	\$ 11	\$ 2	\$ 93,141	\$ -	\$ 93,143	\$ 93,154
Fundraising	-	3,464	59	3,523	183,127	19,564	-	202,691	206,214
Grants to KUHF-FM	7,311,883	-	-	7,311,883	-	-	-	-	7,311,883
Grants to KUHT-TV	7,311,883	-	-	7,311,883	-	-	-	-	7,311,883
Membership fees	-	157	80	237	10,485	7,619	-	18,104	18,341
Other expenses	-	256,995	3,016	260,011	633,717	53,282	872,914	1,559,913	1,819,924
Mail services	-	794	-	794	163,744	42	-	163,786	164,580
Printing and reproduction services	-	-	-	-	48,611	17,445	-	66,056	66,056
Professional services	-	520	-	520	32,224	59	-	32,283	32,803
Rental and leases	-	252	-	252	-	-	-	-	252
Supplies and materials	-	3,700	1,250	4,950	118,402	9,912	-	128,314	133,264
Travel	-	178	-	178	(73)	1,178	-	1,105	1,283
Total operating expenses	\$ 14,623,766	\$ 266,071	\$ 4,405	\$ 14,894,242	\$ 1,190,239	\$ 202,242	\$ 872,914	\$ 2,265,395	\$ 17,159,637

HOUSTON PUBLIC MEDIA
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Primary Institution Schedule of Functional Expenses
Year Ended August 31, 2024

Schedule 3

Class	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Program Information (PGM)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Salaries and wages	\$ 3,988,839	\$ 664,165	\$ -	\$ 4,653,004	\$ 201,846	\$ 1,801,633	\$ -	\$ 2,003,479	\$ 6,656,483
Fringe benefits	1,145,143	170,488	-	1,315,631	61,515	473,115	-	534,630	1,850,261
Financial and legal services	2,296	409	-	2,705	8	315,357	-	315,365	318,070
Fundraising	25,608	1,588	-	27,196	164,723	200,373	578	365,674	392,870
Membership fees	547	80	-	627	35,294	74,765	-	110,059	110,686
Other expenses	444,268	516,910	-	961,178	534,923	299,003	1,010,303	1,844,229	2,805,407
Mail services	665	307	-	972	80,162	648	489	81,299	82,271
Printing and reproduction services	2,048	-	-	2,048	128,591	1,585	-	130,176	132,224
Professional services	1,148,682	59,876	-	1,208,558	35,923	1,263,223	-	1,299,146	2,507,704
Program rights	4,206,935	388,726	-	4,595,661	(13,434)	52,862	-	39,428	4,635,089
Rental and leases	24,323	286,866	-	311,189	-	(192,066)	-	(192,066)	119,123
Repairs and maintenance	107	246,891	-	246,998	-	65,810	-	65,810	312,808
Supplies and materials	27,630	187,312	-	214,942	111,980	53,655	-	165,635	380,577
Telephone	-	119,953	-	119,953	-	-	-	-	119,953
Travel	31,853	10,857	-	42,710	151	28,088	-	28,239	70,949
Utilities	-	150,902	-	150,902	-	-	-	-	150,902
Total expenses before in-kind	11,048,944	2,805,330	-	13,854,274	1,341,682	4,438,051	1,011,370	6,791,103	20,645,377
In-kind	-	325,429	-	325,429	-	3,052,123	-	3,052,123	3,377,552
Total expenses before depreciation and amortization	11,048,944	3,130,759	-	14,179,703	1,341,682	7,490,174	1,011,370	9,843,226	24,022,929
Depreciation and amortization	-	-	-	-	-	389,517	-	389,517	389,517
Total operating expenses	<u>\$ 11,048,944</u>	<u>\$ 3,130,759</u>	<u>\$ -</u>	<u>\$ 14,179,703</u>	<u>\$ 1,341,682</u>	<u>\$ 7,879,691</u>	<u>\$ 1,011,370</u>	<u>\$ 10,232,743</u>	<u>\$ 24,412,446</u>
Percentage of total expenses before depreciation	46%	13%	0%	59%	6%	31%	4%	41%	100%

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Component Unit (HPMF) Schedule of Functional Expenses
Year Ended August 31, 2024

Schedule 4

Class	Grants to Primary Institution	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Financial and legal services	\$ -	\$ 2	\$ -	\$ 2	\$ 8	\$ 82,986	\$ -	\$ 82,994	\$ 82,996
Fundraising	-	25,087	1,588	26,675	164,723	199,629	84,624	448,976	475,651
Grants to KUHF-FM	6,987,555	-	-	6,987,555	-	-	-	-	6,987,555
Grants to KUHT-TV	6,987,555	-	-	6,987,555	-	-	-	-	6,987,555
Membership fees	-	80	80	160	35,294	1,577	-	36,871	37,031
Other expenses	-	141,786	242,193	383,979	534,649	45,974	1,010,303	1,590,926	1,974,905
Mail services	-	100	-	100	67,877	86	489	68,452	68,552
Printing and reproduction services	-	2,048	-	2,048	128,590	1,495	-	130,085	132,133
Professional services	-	520	-	520	35,924	-	-	35,924	36,444
Program rights	-	-	-	-	(13,434)	-	-	(13,434)	(13,434)
Supplies and materials	-	15,179	3,875	19,054	111,911	17,433	-	129,344	148,398
Travel	-	111	-	111	151	805	-	956	1,067
	-	-	-	-	-	-	-	-	-
Total operating expenses	\$ 13,975,110	\$ 184,913	\$ 247,736	\$ 14,407,759	\$ 1,065,693	\$ 349,985	\$ 1,095,416	\$ 2,511,094	\$ 16,918,853

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)
Combining Schedule of Revenues and Expenses by Station
Year Ended August 31, 2025

Schedule 5

	KUHF-FM	KUHT-TV	Totals
Operating revenues:			
Contributions	\$ 6,415,309	\$ 6,609,066	\$ 13,024,375
General support from the UH System	1,545,297	1,736,447	3,281,744
Program underwriting	2,858,992	2,325,476	5,184,468
Production service	181,631	396,767	578,398
Corporation for Public Broadcasting grants	593,735	1,788,665	2,382,400
Other	339,267	296,393	635,660
Total operating revenues	<u>11,934,231</u>	<u>13,152,814</u>	<u>25,087,045</u>
Operating expenses:			
Financial and legal services	173,247	165,068	338,315
Fringe benefits	955,855	955,844	1,911,699
Fundraising	35,766	180,666	216,432
Mail services	92,322	93,589	185,911
Membership fees	42,922	47,048	89,970
Other expenses	1,654,957	1,348,767	3,003,724
Printing and reproduction services	33,876	33,875	67,751
Professional services	964,343	1,057,877	2,022,220
Program rights	2,521,943	2,414,804	4,936,747
Rental and leases	5,345	96,531	101,876
Repairs and maintenance	141,351	635,460	776,811
Salaries and wages	3,379,315	3,381,942	6,761,257
Supplies and materials	222,901	226,761	449,662
Telephone	63,875	63,875	127,750
Travel	50,621	14,822	65,443
Utilities	126,708	122,859	249,567
In-kind	1,545,297	1,736,447	3,281,744
Depreciation	107,795	286,823	394,618
Total operating expenses	<u>12,118,439</u>	<u>12,863,058</u>	<u>24,981,497</u>
Operating income/(loss)	<u>(184,208)</u>	<u>289,756</u>	<u>105,548</u>
Nonoperating income (expense):			
Interest expense on lease obligations	(28,466)	(28,467)	(56,933)
Endowment distribution	(61,957)	(11,629)	(73,586)
Gain on endowments	25,093	37,924	63,017
Realized gain on endowments, net	90,776	110,196	200,972
Other nonoperating income	43	33	76
Total nonoperating income	<u>25,489</u>	<u>108,057</u>	<u>133,546</u>
Change in net position	<u>\$ (158,719)</u>	<u>\$ 397,813</u>	<u>\$ 239,094</u>