

FRIENDS OF WWOZ, INC.

Audits of Financial Statements

August 31, 2024 and 2023



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Independent Auditor's Report

To the Officers and Board of Directors
Friends of WWOZ, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Friends of WWOZ, Inc. (the Station), which comprise the statements of financial position as of August 31, 2024 and 2023, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Station as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of grant activity and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of the Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
December 17, 2024

FRIENDS OF WWOZ, INC.
Statements of Financial Position
August 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash	\$ 4,251,934	\$ 4,105,835
Grants and Accounts Receivable	18,670	64,289
Other Receivables	231,700	-
Certificates of Deposit	-	500,000
Investments	1,045,211	500,000
Prepaid Expenses	83,030	63,598
	<hr/>	<hr/>
Total Current Assets	5,630,545	5,233,722
Other Assets		
Right-of-Use Assets, Operating Leases	1,263,475	76,558
Property and Equipment, Net	952,366	174,631
	<hr/>	<hr/>
Total Assets	\$ 7,846,386	\$ 5,484,911
Liabilities		
Current Liabilities		
Accounts Payable	\$ 164,005	\$ 69,077
Operating Lease Liabilities, Current	96,081	6,067
Deferred Revenue	146,135	122,610
	<hr/>	<hr/>
Total Current Liabilities	406,221	197,754
Long-Term Liabilities		
Operating Lease Liabilities, Long-Term	1,402,881	71,736
	<hr/>	<hr/>
Total Liabilities	1,809,102	269,490
Net Assets		
Without Donor Restrictions		
Undesignated	2,546,200	2,584,321
Board-Designated Cash Reserves	2,538,718	2,456,469
Designated for Equipment	952,366	174,631
	<hr/>	<hr/>
Total Net Assets Without Donor Restrictions	6,037,284	5,215,421
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Total Liabilities and Net Assets	\$ 7,846,386	\$ 5,484,911

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended August 31, 2024 and 2023

	2024	2023
Revenue and Support		
Contributions and Membership		
Brass Pass Revenue	\$ 4,158,772	\$ 2,960,930
Membership Fees and Contributions	1,802,124	1,882,934
Underwriting	144,370	190,719
Underwriting, In-Kind	28,839	57,489
Total Contributions and Membership	6,134,105	5,092,072
Grant Revenues		
Foundation Grants	600,000	525,000
Corporation for Public Broadcasting State and Local	335,702	248,339
	10,500	-
Total Grant Revenues	946,202	773,339
Other Revenues		
Special Events and Sponsorships	264,807	128,391
Merchandise Sales, Net	160,922	131,291
Interest Income	127,461	34,707
Other Revenues	40,552	19,541
Loss on Disposal of Assets	(6,952)	-
Total Other Revenues	586,790	313,930
Total Revenue and Support	7,667,097	6,179,341
Expenses		
Program Services		
Programming and Production	1,994,254	1,749,105
Broadcasting and Internet Services	1,292,660	1,123,714
Total Program Services	3,286,914	2,872,819
Supporting Services		
Fundraising and Membership Development	2,343,608	1,413,637
Management and General	1,214,712	1,019,654
Total Supporting Services	3,558,320	2,433,291
Total Expenses	6,845,234	5,306,110
Change in Net Assets	821,863	873,231
Net Assets Without Donor Restrictions, Beginning of Year	5,215,421	4,342,190
Net Assets Without Donor Restrictions, End of Year	\$ 6,037,284	\$ 5,215,421

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2024

	Program Services			Supporting Services		Total Supporting Services	Total
	Programming and Production	Broadcasting and Internet Services	Total Program Services	Fundraising and Membership Development	Management and General		
Expenses							
Jazz Fest-Related Expenses	\$ 1,068,026	\$ 431,938	\$ 1,499,964	\$ 1,439,793	\$ -	\$ 1,439,793	\$ 2,939,757
Salaries, Payroll Taxes, and Employee Benefits	614,985	442,242	1,057,227	367,978	699,110	1,067,088	2,124,315
Membership Premiums	-	-	-	215,227	-	215,227	215,227
Special Events	49,105	-	49,105	114,579	-	114,579	163,684
Occupancy	8,652	44,013	52,665	20,187	84,478	104,665	157,330
Telephone	47,743	49,867	97,610	20,461	20,461	40,922	138,532
Other Expenses	-	-	-	-	132,036	132,036	132,036
Professional Services	48,185	-	48,185	-	75,037	75,037	123,222
Development and Training	28,654	-	28,654	66,860	21,935	88,795	117,449
Related Business	-	108,956	108,956	-	-	-	108,956
IT Support Services	16,348	-	16,348	38,146	43,642	81,788	98,136
Financial Fees	25,677	-	25,677	59,913	8,012	67,925	93,602
Office Supplies and Postage	45,053	-	45,053	-	36,042	36,042	81,095
Depreciation	23,627	-	23,627	-	55,128	55,128	78,755
Website Expense (Digital Deployment)	-	75,430	75,430	-	-	-	75,430
Operations and Maintenance	-	65,398	65,398	-	-	-	65,398
Insurance	-	63,496	63,496	-	-	-	63,496
Bad Debt Expense	-	-	-	-	18,599	18,599	18,599
Program Production	18,199	-	18,199	-	-	-	18,199
Contract Labor	-	11,320	11,320	-	-	-	11,320
Printing, Publications, and Graphics	-	-	-	464	10,087	10,551	10,551
Affiliation Fees	-	-	-	-	10,145	10,145	10,145
Total Expenses	\$ 1,994,254	\$ 1,292,660	\$ 3,286,914	\$ 2,343,608	\$ 1,214,712	\$ 3,558,320	\$ 6,845,234

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program Services			Supporting Services			Total
	Programming and Production	Broadcasting and Internet Services	Total Program Services	Fundraising and Membership Development	Management and General	Total Supporting Services	
Expenses							
Salaries, Payroll Taxes, and Employee Benefits	\$ 573,105	\$ 422,534	\$ 995,639	\$ 343,225	\$ 653,194	\$ 996,419	\$ 1,992,058
Jazz Fest-Related Expenses	934,432	280,329	1,214,761	654,102	-	654,102	1,868,863
Telephone	56,001	60,890	116,891	24,000	24,000	48,000	164,891
Membership Premiums	-	-	-	142,433	-	142,433	142,433
Occupancy	17,247	42,123	59,370	40,242	62,579	102,821	162,191
Special Events	38,132	-	38,132	88,975	-	88,975	127,107
IT Support Services	16,339	-	16,339	38,125	38,861	76,986	93,325
Professional Services	23,690	-	23,690	-	63,477	63,477	87,167
Related Business	-	87,040	87,040	-	-	-	87,040
Website Expense (Digital Deployment)	-	82,722	82,722	-	-	-	82,722
Development and Training	17,340	-	17,340	40,460	20,597	61,057	78,397
Financial Fees	17,905	-	17,905	41,779	6,960	48,739	66,644
Insurance	-	64,049	64,049	-	-	-	64,049
Depreciation	17,558	-	17,558	-	41,188	41,188	58,746
Contract Labor	-	54,981	54,981	-	-	-	54,981
Other Expenses	-	-	-	-	54,289	54,289	54,289
Office Supplies and Postage	16,045	-	16,045	-	22,946	22,946	38,991
Operations and Maintenance	-	29,046	29,046	-	-	-	29,046
Program Production	21,311	-	21,311	-	-	-	21,311
Bad Debt Expense	-	-	-	-	14,033	14,033	14,033
Affiliation Fees	-	-	-	-	9,505	9,505	9,505
Printing, Publications, and Graphics	-	-	-	296	8,025	8,321	8,321
Total Expenses	\$ 1,749,105	\$ 1,123,714	\$ 2,872,819	\$ 1,413,637	\$ 1,019,654	\$ 2,433,291	\$ 5,306,110

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 821,863	\$ 873,231
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	78,755	58,746
Amortization of Right-of-Use Assets, Operating Leases	11,072	6,852
Bad Debt Expense	18,599	14,033
Loss on Disposal of Assets	6,952	-
(Increase) Decrease in Assets		
Other Receivables	(2,500)	-
Grants and Accounts Receivable	27,020	(15,836)
Prepaid Expenses	(19,432)	451
Increase (Decrease) in Liabilities		
Accounts Payable	94,928	(43,005)
Operating Lease Liabilities	(6,030)	(5,607)
Deferred Revenue	23,525	67,610
Net Cash Provided by Operating Activities	1,054,752	956,475
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(863,442)	(3,275)
Net Cash Used in Investing Activities	(863,442)	(3,275)
Cash Flows from Financing Activities		
Redemption (Purchase) of Certificates of Deposit	500,000	(500,000)
Sales and Maturities of Investments	500,000	-
Purchases and Reinvestments of Investments	(1,045,211)	(500,000)
Net Cash Used in Financing Activities	(45,211)	(1,000,000)
Net Increase (Decrease) in Cash	146,099	(46,800)
Cash, Beginning of Year	4,105,835	4,152,635
Cash, End of Year	\$ 4,251,934	\$ 4,105,835
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ -	\$ 21
Right-of-Use Assets, Operating Leases, Obtained in Exchange for Operating Lease Liabilities Recognized	\$ 1,193,953	\$ 83,410
Tenant Improvement Allowance, Obtained in Exchange for Operating Lease Liabilities Recognized	\$ 229,200	\$ -
Operating Lease Liabilities Recognized at Lease Inception	\$ 1,427,189	\$ 83,410

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Friends of WWOZ, Inc. (the Station) is a non-profit community radio station which was organized under the laws of the State of Louisiana on June 16, 1986. The Station operates a noncommercial, educational radio station which was licensed to operate by the Federal Communications Commission on October 29, 1981. The Station's call letters are WWOZ-FM. The mission of the Station is to celebrate the cultural diversity of New Orleans and its surrounding regions through music and information. The Station is funded mainly by federal and state grants, support from the New Orleans Jazz and Heritage Foundation (the Foundation), community fundraising, and underwriting contributions.

Basis of Accounting

The accounts of the Station are maintained in conformity with the principles of not-for-profit accounting. The accompanying financial statements of the Station have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

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

Accounts Receivable

Prior to September 1, 2023, accounts receivable were carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determined the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable were written off when deemed uncollectable. Recoveries of accounts receivable previously written off were recorded when received. There was no allowance for doubtful accounts at August 31, 2024 and 2023.

Effective September 1, 2023, the Station carries its accounts receivables net of an allowance for credit losses. The measurement and recognition of credit losses involves the use of judgment. Management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Station's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentrations, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Station's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economic, market or other circumstances. The Station may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversals of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate. There was no allowance for credit losses at August 31, 2024 and 2023.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Grants and Contributions Receivable

The Station uses the allowance method to determine uncollectible promises to give. Management does not estimate any amounts to be uncollectible. Grants and contributions expected to be collected in less than one year are reported at net realizable value. Grants and contributions receivable due in more than one year are recognized at fair value.

Property and Equipment

The Station records all asset acquisitions at cost, except for assets donated to the Station. Donated assets are recorded at appraisal value or estimated fair value determined as of the date of donation.

Acquisitions of property and equipment in excess of \$2,500, computer equipment in excess of \$3,000, and all expenditures for improvements that materially prolong the useful lives of assets are capitalized.

Equipment acquired with funds received through grants or contributions on which specific objectives are stipulated are reported as net assets designated for equipment.

Depreciation expense is determined using the straight-line method and is intended to allocate the cost of the assets over their estimated useful lives as follows:

Asset Category	Estimated Useful Life
Leasehold Improvements	Lesser of Lease Term or 3 - 10 Years
Broadcast Equipment	7 - 45 Years
Radio Station Equipment	5 - 10 Years
Furniture and Fixtures	7 - 10 Years
Broadcast Trucks	5 Years
Computers and Website	3 Years

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast are capitalized. Such costs relate to programs produced by the Station that will be broadcast subsequent to August 31st. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as long-term. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value. As of August 31, 2024 and 2023, there were no costs incurred for programs not yet broadcast.

Income Taxes

The Station's activities relating to the operation of its radio station are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Station qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. However, income from certain activities not directly related to the Station's tax-exempt purpose is subject to taxation as unrelated business income.

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Station believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Revenue Recognition

Contracts vs. Contributions

The Station utilizes the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the Station. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service.

The Station believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to sponsorship efforts. The Station measures the performance obligation throughout the fiscal year. Revenue for performance obligations satisfied at a point in time, which include events and merchandise sales, are recognized when events, services, or goods are provided. The Station determines the transaction price based on standard charges for goods or services provided to customers, which are predetermined by management.

Contracts and contributions are both generally nonrefundable unless approved by senior management. Total refunds were insignificant during the year ended August 31, 2024.

Brass Pass Revenue

Brass Pass revenue includes 1) contributions from donors, and 2) the transfer of a Brass Pass which is satisfied upon providing access to The New Orleans Jazz and Heritage Festival (Jazz Fest) and the related VIP amenities. The contributions are treated as a conditional contribution and the sales are treated as contracts with customers. Contribution values for Brass Passes vary based on the timing and cost of Brass Passes purchased from the New Orleans Jazz and Heritage Foundation. During the years ended August 31, 2024 and 2023, the contribution value associated with a Brass Pass was \$405 and \$280, respectively, per Brass Pass. Brass Pass exchange transaction revenue recognized during the years ended August 31, 2024 and 2023 totaled approximately \$2.76 million and \$1.99 million, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions

Contributions are recognized when they are received or unconditionally pledged. Conditional contributions are recognized when they are received with donor stipulations that limit the use of the contributions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Revenues and expenses from various activities conducted for the purpose of raising funds for the Station's operations, other than membership drives, are reported at gross amounts. The expenses include the cost of direct benefits to donors. The value of items donated for such events are not recorded as these amounts are not readily determinable. The Station considers the value of membership premiums provided for regular membership contributions to be immaterial to the overall financial statements.

Underwriting

The Station categorizes underwriting credit revenue from donors as contributions. Underwriting credits are presumed to be of nominal value to the donor and, as such, are not determined to be exchange transactions.

In-Kind Contributions

The Station records as revenue the value of the free air space that they provide to other businesses through underwriting credit agreements in exchange for free use of office facilities and supplies. Likewise, a similar amount is thus recorded as rent and supplies expense. Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of the donation. The Station reports gifts of equipment, professional services, materials, and other non-monetary contributions as unrestricted revenue in the accompanying statements of activities and changes in net assets. If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of non-professional 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grant Revenues

Grant revenues are recognized when the grant is received or when the grantor makes a promise that is, in substance, unconditional. For certain grants where eligibility is determined based on the Station's ability to secure financial support from other sources, the grant revenue is recognized when the conditions are substantially met. Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When the Station is notified that it is a recipient of these grants, the amounts are included as donor-restricted grant revenue in the accompanying statements of activities and changes in net assets. Grant funding received in advance of expenditures for allowable grant purposes is recognized as deferred (unearned) grant revenue.

Other Revenue

The Station recognizes revenue from special events, sponsorships, and merchandise sales as revenue from contracts with customers at the time the event or sale occurs, which is considered the performance obligation. Payments for these events are generally nonrefundable. Any significant contributed amounts associated with these transactions are recorded as a contribution. The Station has not identified any significant contributions associated with other revenue.

Deferred Revenue

Amounts paid in advance for events and merchandise are deferred to the period to which the underlying event takes place. Typically, due to the nature and timing of the performance and/or transfer of services, substantially all contract liabilities as of August 31st of each year are recognized in the following year. Of the August 31, 2023 deferred revenue balances, \$122,610 (100%) was recognized in the year ended August 31, 2024. Of the August 31, 2022 deferred revenue balances, \$55,000 (100%) was recognized in the year ended August 31, 2023.

At August 31, 2024, 2023, and 2022, deferred revenues primarily consisted of sponsorships paid and tickets sold in advance for future periods.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grant-making organization responsible for funding more than 1,000 television and radio stations. The CPB was established by Congress with the purpose of providing services, funding, and advocacy for public television and radio stations in America. In doing so, the CPB annually awards grants to qualified stations, such as WWOZ-FM.

The Station receives a Community Service Grant from CPB annually. The funds from this grant may be used for general operations and are, therefore, reported on the accompanying financial statements as an increase in net assets without donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Corporation for Public Broadcasting Community Service Grants (Continued)

The Station also receives a National Program Production and Acquisition Grant (NPPAG), which provides funding for restricted uses: either for the acquisition of programs produced for national distribution or the actual production of programs that are distributed nationally. NPPAG funds must be expended within 18 months of receipt. NPPAG funds are reported on the accompanying financial statements as an increase in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with donor restrictions and an increase in net assets without donor restrictions. If restrictions are satisfied within the period received, funds are reported as an increase in net assets without donor restrictions.

Certain general provisions must be satisfied in connection with the application for and use of 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.

Advertising Costs

Advertising costs are expensed in the year incurred.

Commissions

The Station has agreements with employees to solicit and acquire funds for program underwriting and other activities related to public broadcasting. The agreements provide for payment of commissions to the employees based on varying percentages of funds received. Commission expense recognized is included in salaries, payroll taxes, and employee benefits on the statements of functional expenses.

Basis of Net Asset Presentation

The Station reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Statement of Cash Flows

For the purposes of reporting cash flows, the Station considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At August 31, 2024 and 2023, the Station had no cash equivalents.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocated if an expenditure benefits more than one program or function. The expenses that are allocated are allocated based on estimates of employee time or estimates of usage and effort for costs shared by each of Station's departments. Expenses which were allocated during the years ended August 31, 2024 and 2023 include salaries, payroll taxes, and employee benefits, IT support services, occupancy, telephone, special events, financial fees, development and training, depreciation, and Jazz Fest-related expenses.

Liquidity and Availability

The Station's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The Station regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Expenditures are generally met within 30 days, utilizing the financial resources the Station has available. In addition, the Station operates with a budget to monitor sources and uses of funds throughout the year.

The Station also has access to a line of credit for additional liquidity, as needed. See Note 5.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash	\$ 4,251,934	\$ 4,105,835
Grants and Accounts Receivable	18,670	64,289
Total Liquid Financial Assets	4,270,604	4,170,124
Less: Cash Held in Reserves	(2,538,718)	(2,456,469)
Total Liquid Financial Assets Available for General Expenditure	\$ 1,731,886	\$ 1,713,655

Funds on hand associated with designated balances have been excluded from cash to present a more accurate liquidity calculation.

Note 1. Summary of Significant Accounting Policies (Continued)

Liquidity and Availability (Continued)

The Station's Board of Directors (the Board) has designated certain funds to be set aside as "rainy" day fund reserves, reserves for future capital projects, and reserves for specific future events, including purchasing Brass Passes to satisfy deferred revenue obligations for a future Jazz and Heritage Festival. As of August 31, 2024 and 2023, cash held in reserves, which are subject to finance committee or executive committee approval to be used, totaled \$2,538,718 and \$2,456,469, respectively. During October 2023, the finance committee approved the usage of up to \$500,000 in reserve funds for leasehold improvements toward the Station's new facilities lease in New Orleans.

Investments

The Station has adopted FASB Accounting Standards Codification (ASC) 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair values are computed based on quoted market values as provided by the Station's financial advisors.

Investments consist of money market funds, certificates of deposit, U.S. Treasury notes, and U.S. Treasury bills. All investments are expected to be held to maturity. Interest on certificates of deposit is paid upon maturity. Interest on government securities is paid upon maturity for U.S. Treasury notes and U.S. Treasury bills.

Leases

The Station accounts for leases under FASB ASC 842, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the statement of financial position. The ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments over that term.

Operating ROU assets and lease liabilities are recognized at commencement based on the present value of lease payments over the lease term. ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives. The lease term is the noncancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised.

The Station has elected the private company alternative available in ASC 842 to use a risk free rate over a similar term in computing the present value of lease payments.

The Station has also elected, for all asset classes, the short-term lease exemption. A short-term lease is a lease that, at the commencement date, has a term of twelve months or less and does not include an option to purchase the underlying asset.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted

As of September 1, 2023, the Station adopted ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the Station's receivables. Under this ASU, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset's remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The Station performed its expected credit loss calculation based on historical contract receivable write-offs, including consideration of then-existing economic conditions and expected future conditions. The adoption of ASU 2016-13 did not result in a material impact to the financial statements.

Note 2. Property and Equipment

Property and equipment at August 31, 2024 and 2023 consisted of the following:

	2024	2023
Leasehold Improvements, Office Space	\$ 773,200	\$ 52,907
Broadcast Equipment	280,020	357,884
Leasehold Improvements, Tower	328,573	328,573
Website	-	173,038
Broadcast Trucks	111,917	126,523
Radio Station Equipment	52,984	125,244
Furniture and Fixtures	85,393	-
Total	1,632,087	1,164,169
Less: Accumulated Depreciation	(679,721)	(989,538)
Property and Equipment, Net	\$ 952,366	\$ 174,631

During the years ended August 31, 2024 and 2023, the amount charged to depreciation totaled \$78,755 and \$58,746, respectively.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 3. Investments

Investments consisted of the following as of August 31, 2024 and 2023:

	Estimated Fair Value	Amortized Cost
August 31, 2024		
Cash, Money Market, and FDIC insured Sweep Deposits	\$ 1,045,211	\$ 1,045,211
Total Investments	\$ 1,045,211	\$ 1,045,211
	Estimated Fair Value	Amortized Cost
August 31, 2023		
U.S. Treasury Bonds, Due in 1 Year or Less	\$ 501,401	\$ 500,000
Total Investments	\$ 501,401	\$ 500,000

Note 4. Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Station's deposits may not be recovered. The Station periodically maintains cash in bank accounts in excess of insured limits. As of August 31, 2024, the Station's bank balances were approximately \$4,526,884 in demand deposits and \$-0- in certificates of deposit. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to \$250,000 per financial institution, totaled \$250,000. Deposits of approximately \$4,276,884 were uninsured and subject to custodial credit risk at August 31, 2024. The Station has entered into an agreement with a financial institution to invest its cash in overnight repurchase agreements in order to secure its cash balances. The Station has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 5. Line of Credit

The Station has a \$300,000 line of credit with a bank, maturing on August 12, 2026. The line is unsecured and carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (8.5% at August 31, 2024) plus 0.75%, for a total interest rate of 9.25% at August 31, 2024. There were no borrowings outstanding against the line of credit as of August 31, 2024 and 2023. There was no interest expense recognized related to the line of credit for the years ended August 31, 2024 and 2023.

Note 6. Leases

Short-Term Leases

The Station leases its office and studio in New Orleans, Louisiana. During 2019, the lessor orally agreed to an adjusted monthly rent and utility payment of \$1,187 and converted the lease to a month-to-month arrangement. The lease references a cooperative endeavor agreement between the Station and the lessor which is used to value a trade with the lessor for underwriting through the Station. This lease operated on a month-to-month basis and until termination subsequent to the fiscal year ended August 31, 2023. The estimated monthly contribution value of the underwriting provided to the lessor was \$3,183, totaling \$38,200 annually. Lease expense related to this office space totaled \$17,932 and \$52,438 for the years ended August 31, 2024 and 2023. This lease was terminated during the year ended August 31, 2024.

On October 9, 2023, the Station entered into a short-term operating lease agreement for new office and studio space in New Orleans, Louisiana, on a month-to-month basis, commencing on approximately February 2024. The lease had no monthly base rent charges and required monthly fixed cost reimbursements of \$1,000 while the Station transitioned its office to the Main Lease (see long-term leases below). Lease expense related to this agreement totaled \$5,000 for the year ended August 31, 2024.

The Station leases additional office space in New Orleans, Louisiana. The lease stipulates monthly rental payments of \$1,200, totaling \$14,400 annually, inclusive of operating expenses estimated at \$800 per month. This lease matured on August 31, 2023 and was extended for an additional two-year term maturing August 31, 2025. Under the extension, the lessor granted the Station a right to terminate the lease without penalty with ninety (90) days notice. The lease includes a special stipulation between the Station and the lessor which is used to value a trade with the lessor for 120 annual underwriting spot credits through the Station. The estimated monthly value of the underwriting provided to the lessor was \$1,607 and \$1,607 for the years ended August 31, 2024 and 2023, respectively, totaling \$14,466 and \$19,289 for the months provided. Lease expense related to this office space totaled \$30,632 and \$33,689 for the years ended August 31, 2024 and 2023, respectively.

The Station leases storage facilities on a monthly basis. Lease expense under these leases totaled \$10,320 and \$9,405 for the years ended August 31, 2024 and 2023, respectively.

The Station leases a warehouse in Kenner, Louisiana on a monthly basis. Lease expense under these this lease totaled \$18,395 and \$17,909 for the years ended August 31, 2024 and 2023, respectively.

The Station leases parking spaces for employees and guests on a monthly and as-needed basis. Lease expense under these leases totaled \$53,978 and \$23,176 for the years ended August 31, 2024 and 2023, respectively.

In-kind contributions and related underwriting on the aforementioned leases support all programs, administrative, and supporting services of the Station.

Note 6. Leases (Continued)

Long-Term Leases

On October 9, 2023, the Station entered into a long-term lease agreement for office and studio space in New Orleans, Louisiana, commencing once the Station completed transition from the facilities at the temporary lease (see above) to those at the main lease. This transition was completed on approximately August 31, 2024. The lease agreement has an initial term of ten (10) years from the commencement date with one (1) renewal option of five (5) years. The lease also contains an early-termination provision, which becomes exercisable following the conclusion of the third (3rd) year of the lease term. Exercising the early-termination provision necessitates certain early termination fees. The lease requires monthly base rent of \$12,500, \$13,333, and \$14,167 in years one (1), two (2), and three (3), respectively. The lease also requires escalating lease payments at the lower of the Consumer Price Index (CPI) or 3% starting with year four (4). The lease calls for additional rent payments beginning in 2025 for proportionate shares of increases in insurance costs and taxes. The lease grants an annual rent credit to the Station starting at \$7,600 in year one (1), and increasing by the lower of the CPI or 3%, to be applied, pro rata, to the monthly base rent. In consideration of the rent credit, the Station is to provide "on air" recognition of the location of the Station. This lease includes a tenant improvement allowance of \$229,200, which was recognized during the year ended August 31, 2024 and is included in other receivables on the statement of financial position for the year then ended. Lease expense under this agreement totaled \$-0- for the year ended August 31, 2024. As of and for the year ended August 31, 2024, management of the Station has estimated a lease contract life of ten (10) years.

The Station leases a transmitter site at Tulane University pursuant to a lease dated June 1, 2013. The lease stipulates monthly rental payments of \$500, with a 3% annual increase through the initial lease expiration date, December 31, 2022. The lease offers two (2) five-year renewal terms through December 31, 2032. The first year of each renewal term results in an increase in the rental payment of 5%. Lease expense related to this lease totaled \$9,198 and \$9,198 for the years ended August 31, 2024 and 2023, respectively.

The Station executed a long-term lease agreement effective April 1, 2002 with the City of New Orleans for a parcel of land. The initial term of the lease is for forty (40) years ending on March 31, 2042. The annual rental was \$75 for the first five (5) years and escalates by 15% for each subsequent five-year period within the initial term. The agreement provides for two (2) optional renewal periods of twenty-five (25) and twenty-four (24) years duration, respectively. Lease expense related to this lease totaled \$164 and \$164 for the years ended August 31, 2024 and 2023, respectively.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 6. Leases (Continued)

Long-Term Leases (Continued)

Maturities of lease obligations as of August 31, 2024 are as follows:

Year Ending August 31,	Amount
2025	\$ 151,002
2026	161,029
2027	171,055
2028	176,203
2029	181,485
Thereafter	<u>975,648</u>
Total Undiscounted Cash Flows	\$ 1,816,422
Less: Imputed Interest	<u>(317,460)</u>
Total Lease Obligations Under Operating Leases	<u>\$ 1,498,962</u>

The following table summarizes the weighted-average remaining lease term and discount rate associated with long-term operating leases at August 31, 2024 and 2023:

	2024	2023
Weighted Average Remaining Lease Term (Years)	9.9	9.9
Weighted Average Discount Rate	3.81%	3.13%

Note 7. Commitments and Contingencies

As part of the normal course of business, the Station occasionally enters into purchase commitments to manage its various operating needs. Other than leases noted in Note 6, the Station had no other significant long-term purchase commitments as of August 31, 2024 and 2023.

The Station is the recipient of grants from state, local, or federal funds. These grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants is under the control and administration of the Station and is subject to audit and/or review by the applicable funding sources. Any grant or award of funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 8. Broadcast Hours (Unaudited)

The broadcast hours of the radio station were approximately 8,780 and 8,760 for the years ended August 31, 2024 and 2023, respectively.

Note 9. Retirement Plan

The Station has a qualified defined contribution retirement plan in the form of a simplified employee pension plan (SEP) which covers substantially all employees. Eligibility in the SEP is based upon three years of continuous employment with the Station. Contributions made by the Station are discretionary up to a maximum of six percent (6%) of total pay. Retirement contribution expense for the years ended August 31, 2024 and 2023 totaled \$90,899 and \$80,946, respectively.

Note 10. Risk Management

The Station is exposed to various risks of loss related to torts and theft of, damage to, and destruction of assets for which the Station carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Note 11. Board of Directors' Compensation

The Board of Directors of Friends of WWOZ, Inc. is a voluntary board; therefore, no compensation has been paid to any board member.

Note 12. Related-Party Transactions

The New Orleans Jazz and Heritage Foundation appoints the president and the board members to the Board of Directors of the Station.

During the years ended August 31, 2024 and 2023, the Station recorded revenue from the Foundation as part of the Foundation's operational and infrastructure grants for the Station totaling \$600,000 and \$525,000, respectively.

FRIENDS OF WWOZ, INC.

Notes to Financial Statements

Note 13. Corporation for Public Broadcasting Community Service Grants

As disclosed in Note 1, the Station received various Community Service Grants from the Corporation for Public Broadcasting. For the years ended August 31, 2024 and 2023, the Station received and expended the Community Service Grants as follows:

Grants Received	Purpose	Fiscal Year Ended August 31, 2024		
		Amount Funded	Amount Expended	Balance at August 31, 2024
Community Services Grant	Operations	\$ 335,702	\$ 335,702	\$ -

Grants Received	Purpose	Fiscal Year Ended August 31, 2023		
		Amount Funded	Amount Expended	Balance at August 31, 2023
Community Services Grant	Operations	\$ 248,339	\$ 248,339	\$ -

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 17, 2024, and determined that no subsequent events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

FRIENDS OF WWOZ, INC.
Schedule of Grant Activity
For the Year Ended August 31, 2024

Schedule I

Sources	Identifying Number	Program Name	Contract Period	Grant Revenue/Expense
New Orleans Jazz and Heritage Foundation	FY 2024	NOJHF - Operational Grant	FY 2024	\$ 300,000
	FY 2024	NOJHF - Infrastructure Grant	FY 2024	<u>300,000</u>
Total New Orleans Jazz and Heritage Foundation				<u>600,000</u>
Corporation for Public Broadcasting	FY 2024	Community Service Grant	2/10/24 - 3/24/24	251,777
	FY 2024	National Program Production and Acquisition Grant	2/10/24 - 3/24/24	<u>83,925</u>
Total Corporation for Public Broadcasting				<u>335,702</u>
State and Local	ANCO	Arts Council of New Orleans - LDOA Grant 1/1/24 - 12/31/24		<u>10,500</u>
Total State and Local				<u>10,500</u>
Total Grant Revenue/Expense				<u>\$ 946,202</u>

See independent auditor's report.

FRIENDS OF WWOZ, INC.
Schedule of Grant Activity
For the Year Ended August 31, 2023

Schedule I (Continued)

Sources	Identifying Number	Program Name	Contract Period	Grant Revenue/Expense
New Orleans Jazz and Heritage Foundation	FY 2023	NOJHF - Operational, Development, and Broadcasting Grant	FY 2023	<u>\$ 525,000</u>
Total New Orleans Jazz and Heritage Foundation				<u>525,000</u>
Corporation for Public Broadcasting	FY 2023	Community Service Grant	FY 2023	<u>248,339</u>
Total Corporation for Public Broadcasting				<u>248,339</u>
Total Grant Revenue/Expense				<u>\$ 773,339</u>

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Officers and Board of Directors
Friends of WWOZ, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Friends of WWOZ, Inc. (the Station) (a non-profit organization), which comprise the statement of financial position as of August 31, 2024, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
December 17, 2024

FRIENDS OF WWOZ, INC.
Schedule of Findings and Responses
For the Year Ended August 31, 2024

Section I. Summary of Auditor's Results

Financial Statement Section

1. Type of auditor's report	Unmodified
2. Internal control over financial reporting and compliance and other matters	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None
c. Non-compliance noted?	None

Section II. Internal Control Over Financial Reporting

None.

Section III. Compliance and Other Matters

None.

FRIENDS OF WWOZ, INC.
Schedule of Prior Audit Findings and Responses
For the Year Ended August 31, 2024

Section II. Internal Control Over Financial Reporting

None.

Section III. Compliance and Other Matters

None.