



Speaking Hope to the World®

TRANS WORLD RADIO and  
TRANS WORLD RADIO PACIFIC

Combined Financial Statements  
With Independent Auditors' Report

September 30, 2023 and 2022

**TRANS WORLD RADIO  
AND  
TRANS WORLD RADIO PACIFIC**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Trans World Radio and Trans World Radio Pacific  
Cary, North Carolina

### *Opinion*

We have audited the accompanying combined financial statements of Trans World Radio and Trans World Radio Pacific (a nonprofit organization), which comprise the combined statements of financial position as of September 30, 2023 and 2022, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Trans World Radio and Trans World Radio Pacific as of September 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of Trans World Radio and Trans World Radio Pacific and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Combined Financial Statements*

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors  
Trans World Radio and Trans World Radio Pacific  
Cary, North Carolina

***Auditors' Responsibility for the Audit of the Combined Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Capin Crouse LLP

Lawrenceville, Georgia  
May 16, 2024

**TRANS WORLD RADIO  
AND  
TRANS WORLD RADIO PACIFIC**

**Combined Statements of Financial Position**

	September 30,	
	2023	2022
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 10,470,998	\$ 20,190,173
Receivables–net (Note 4)	1,784,138	1,958,461
Prepaid expenses and other current assets (Note 5)	1,260,510	1,428,646
Investments (Note 6)	20,627,579	8,740,072
	34,143,225	32,317,352
Long-term investments and other assets (Note 7)	478,402	430,978
Trust assets (Note 10)	2,326,549	2,617,380
Land, buildings, and equipment, at cost–net (Note 8)	14,381,272	14,741,055
Perpetual trust held by others and endowment (Note 2)	4,854,088	4,685,045
	\$ 56,183,536	\$ 54,791,810
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Current liabilities:		
Trade payables	\$ 2,161,116	\$ 2,645,729
Accrued expenses	1,230,516	1,033,611
Current portion of:		
Annuities payable (Note 9)	844,203	820,669
Trust obligations (Note 10)	135,755	178,335
Employee benefit obligations (Note 14)	686,153	551,089
	5,057,743	5,229,433
Long-term liabilities:		
Annuities payable (Note 9)	5,785,057	5,527,319
Trust obligations (Note 10)	1,534,158	1,684,571
Employee benefit obligations (Note 14)	2,532,766	3,287,838
	14,909,724	15,729,161

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Combined Statements of Financial Position**  
(continued)

	September 30,	
	2023	2022
<b>LIABILITIES AND NET ASSETS, continued:</b>		
Net assets (Note 11):		
Without donor restrictions:		
Undesignated	3,111,643	1,039,692
Designated	3,740,688	3,715,936
Equity in land, buildings, and equipment	14,381,272	14,741,055
	21,233,603	19,496,683
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose	14,529,485	14,126,447
Life income	656,636	754,474
Restricted in perpetuity:		
Perpetual trust and endowment	4,854,088	4,685,045
	20,040,209	19,565,966
 Total net assets	 41,273,812	 39,062,649
 Total Liabilities and Net Assets	 \$ 56,183,536	 \$ 54,791,810

See notes to combined financial statements

**TRANS WORLD RADIO  
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TRANS WORLD RADIO PACIFIC**

**Combined Statements of Activities**

	Year Ended September 30,							
	2023				2022			
	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total
<b>SUPPORT AND REVENUE:</b>								
Support:								
Missionary support	\$ 6,405,752	\$ 784,996	\$ -	\$ 7,190,748	\$ 5,880,833	\$ 1,052,680	\$ -	\$ 6,933,513
General	7,338,201	6,797,103	-	14,135,304	6,670,949	9,368,775	-	16,039,724
Legacies and bequests	2,704,568	-	-	2,704,568	1,027,381	-	-	1,027,381
Contributed services	1,281,175	-	-	1,281,175	1,573,544	-	-	1,573,544
Gift portion of new split interest agreements	411,775	-	-	411,775	496,932	-	-	496,932
	<u>18,141,471</u>	<u>7,582,099</u>	<u>-</u>	<u>25,723,570</u>	<u>15,649,639</u>	<u>10,421,455</u>	<u>-</u>	<u>26,071,094</u>
Revenue (loss):								
Media services	14,702,462	-	-	14,702,462	16,304,480	-	-	16,304,480
Investment (Note 6)	1,429,418	1,007	169,043	1,599,468	10,558	961	(1,017,607)	(1,006,088)
Change in value of split interest agreements (Note 10)	441,664	291,227	-	732,891	(3,608,082)	141,777	-	(3,466,305)
Other	347,450	-	-	347,450	457,558	-	-	457,558
	<u>16,920,994</u>	<u>292,234</u>	<u>169,043</u>	<u>17,382,271</u>	<u>13,164,514</u>	<u>142,738</u>	<u>(1,017,607)</u>	<u>12,289,645</u>
Total Support and Revenue	<u>35,062,465</u>	<u>7,874,333</u>	<u>169,043</u>	<u>43,105,841</u>	<u>28,814,153</u>	<u>10,564,193</u>	<u>(1,017,607)</u>	<u>38,360,739</u>
<b>RECLASSIFICATIONS:</b>								
Net assets released from restriction:								
Satisfaction of purpose restrictions	7,569,133	(7,569,133)	-	-	6,874,914	(6,874,914)	-	-

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Combined Statements of Activities**  
(continued)

	Year Ended September 30,							
	2023				2022			
	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total
<b>EXPENSES:</b>								
Program services:								
Media services	32,355,964	-	-	32,355,964	32,863,578	-	-	32,863,578
Missions awareness	2,147,924	-	-	2,147,924	2,194,626	-	-	2,194,626
	<u>34,503,888</u>	<u>-</u>	<u>-</u>	<u>34,503,888</u>	<u>35,058,204</u>	<u>-</u>	<u>-</u>	<u>35,058,204</u>
Supporting activities:								
Management and general	2,503,897	-	-	2,503,897	2,360,093	-	-	2,360,093
Fundraising	4,157,815	-	-	4,157,815	3,760,981	-	-	3,760,981
	<u>6,661,712</u>	<u>-</u>	<u>-</u>	<u>6,661,712</u>	<u>6,121,074</u>	<u>-</u>	<u>-</u>	<u>6,121,074</u>
Total Expenses	<u>41,165,600</u>	<u>-</u>	<u>-</u>	<u>41,165,600</u>	<u>41,179,278</u>	<u>-</u>	<u>-</u>	<u>41,179,278</u>
Change in Net Assets								
before Translation Adjustment	1,465,998	305,200	169,043	1,940,241	(5,490,211)	3,689,279	(1,017,607)	(2,818,539)
Translation Adjustment	270,922	-	-	270,922	(935,915)	-	-	(935,915)
Change in Net Assets	<u>1,736,920</u>	<u>305,200</u>	<u>169,043</u>	<u>2,211,163</u>	<u>(6,426,126)</u>	<u>3,689,279</u>	<u>(1,017,607)</u>	<u>(3,754,454)</u>
Net Assets, Beginning of Year, before								
Reclassification	19,496,683	14,880,921	4,685,045	39,062,649	28,048,089	9,066,362	5,702,652	42,817,103
Reclassification (Note 2)	-	-	-	-	(2,125,280)	2,125,280	-	-
Net Assets, Beginning of Year	<u>19,496,683</u>	<u>14,880,921</u>	<u>4,685,045</u>	<u>39,062,649</u>	<u>25,922,809</u>	<u>11,191,642</u>	<u>5,702,652</u>	<u>42,817,103</u>
Net Assets, End of Year	<u>\$ 21,233,603</u>	<u>\$ 15,186,121</u>	<u>\$ 4,854,088</u>	<u>\$ 41,273,812</u>	<u>\$ 19,496,683</u>	<u>\$ 14,880,921</u>	<u>\$ 4,685,045</u>	<u>\$ 39,062,649</u>

See notes to combined financial statements



**TRANS WORLD RADIO  
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**Combined Statements of Cash Flows**

	Year Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,211,163	\$ (3,754,454)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,021,892	1,023,593
Unrealized/realized loss on investments	121,788	2,107,428
(Gain) loss on sale of land, buildings, and equipment	101,198	(17,137)
Change in value of charitable trusts	(291,227)	(141,777)
Actuarial change in charitable gift annuities	(33,588)	1,302,929
Maturities of charitable gift annuities	(613,930)	(353,049)
Payments on charitable gift annuities	668,275	643,072
Changes in operating assets and liabilities:		
Receivables	174,323	41,552
Prepaid expenses and other current assets	168,136	(294,977)
Trade payables	(484,613)	587,041
Accrued expenses	196,905	(85,116)
Employee benefit obligations	(620,008)	(150,000)
Net Cash Provided by Operating Activities	2,620,314	909,105
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of land, buildings, and equipment	(658,539)	(1,828,860)
Change in long-term investments and other assets	(47,424)	302,452
Proceeds from sale of land, buildings, and equipment	8,322	15,007
Change in land, buildings, and equipment due to currency translation	(113,090)	1,158,993
Proceeds from sales of investments	2,228,507	4,342,025
Acquisitions of investments	(13,726,949)	(2,469,287)
Net Cash Provided (Used) by Investing Activities	(12,309,173)	1,520,330

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Combined Statements of Cash Flows**  
(continued)

	Year Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from new annuities and trusts	1,586,545	1,318,540
Gift portion of new charitable gift annuities	(411,775)	(496,932)
Payments on annuities and trusts	(826,132)	(855,984)
Investment (loss) income from charitable trusts	(378,954)	(669,779)
Net Cash Used by Financing Activities	(30,316)	(704,155)
Net Change in Cash and Cash Equivalents	(9,719,175)	1,725,280
Cash and Cash Equivalents, Beginning of Year	20,190,173	18,464,893
Cash and Cash Equivalents, End of Year	\$ 10,470,998	\$ 20,190,173

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

1. NATURE OF ORGANIZATION:

Trans World Radio and Trans World Radio Pacific are collectively known as Trans World Radio (TWR), which is an independent evangelical association of churches. TWR is exempt from state and federal income taxes under Sections 501(c)(3) and 170(b)(1)(A)(i) of the U.S. Internal Revenue Code and is classified as an entity that is not a private foundation. Contributions by the public may be deductible for income tax purposes.

The primary focus of TWR is to reach the world for Christ by mass media so that lasting fruit is produced. TWR also eagerly supports the work of evangelism and Christian nurturing in countries where church activity is permissible, working in harmony with Christian missionaries and evangelical churches worldwide. TWR accomplishes this goal through program services described below:

*Media Services*—At TWR, we engage millions of people in 190 countries in more than 200 languages and dialects. The ministry encompasses a global network of partnerships, high-powered radio broadcasts, online streaming, portable media devices, satellite delivery, printed publications, and various digital platforms.

*Missions Awareness*—The costs of *TWR* magazine and other publications and activities are used to raise public awareness of God’s work through global missions.

In its endeavor to fulfill its religious, educational, and evangelistic objectives, TWR works with thousands of churches and hundreds of cooperating media ministries. In addition, independent groups, known as national partners, have been formed legally in numerous countries for the express purpose of working with TWR in program production and distribution, training, transmission of broadcasts, and listener follow-up.

TWR is organizationally structured to reflect its fraternal relationship with the national partners, cooperating program producers, and supporting churches. In some cases, interlocking board relationships exist between TWR and its national partners and cooperating program producers. The primary sources of funding for TWR are donations and airtime sponsorship from individuals, churches, national partners, and cooperating media ministries.

Incorporation:

	<u>Trans World Radio</u>	<u>Trans World Radio Pacific</u>
State:	New Jersey	North Carolina
Date:	February 16, 1960	May 2, 1952

Location of international headquarters:

300 Gregson Drive  
Cary, North Carolina 27511

**TRANS WORLD RADIO  
AND  
TRANS WORLD RADIO PACIFIC**

**Notes to Combined Financial Statements**

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

TWR maintains its accounts and prepares its combined financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the combined financial statements to the reader.

**PRINCIPLES OF COMBINATION**

These combined financial statements include Trans World Radio and Trans World Radio Pacific. These two organizations share management and headquarters facilities. Trans World Radio Pacific owns and operates the broadcasting facilities in Guam. All significant intercompany transactions and balances have been eliminated from these combined financial statements. International entities controlled by TWR are likewise included in the combined financial statements.

TWR is also affiliated with organizations in over 70 countries which are not under TWR's control. The financial position and results of operations of these entities are not combined nor presented in these combined financial statements.

**USE OF ESTIMATES**

The preparation of combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand; checking, savings, and money market accounts; and certificates of deposit with original maturities of three months or less. The amounts held at the bank may, at times, exceed federally insured deposit levels. TWR has not experienced any losses in such accounts. At September 30, 2023 and 2022, TWR's cash balances exceeded federally insured limits by \$4,039,908 and \$16,631,791, respectively.

**RECEIVABLES—NET**

Accounts receivable are reported net of any anticipated losses due to uncollectible accounts. TWR's policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts are uncollectible.

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECEIVABLES–NET, continued

The allowance for doubtful accounts is maintained at a level which, in management’s judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management’s evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses, including recoverable investments in unowned broadcast facilities and spare parts inventory, are recognized as expense when placed in service or used in operations.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as investment revenue (loss) without donor restrictions in the accompanying combined statements of activities unless a donor or law restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many issuers.

LAND, BUILDINGS, EQUIPMENT, AND DEPRECIATION

Items capitalized as land, buildings, and equipment are recorded at cost. Donated assets are recorded at fair value on the date of gift. Purchases of land, buildings, and equipment valued at \$5,000 or more and expenses for capital improvements valued at \$15,000 or more are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Cost and accumulated depreciation applicable to assets retired or disposed of are eliminated from the accounts, and any resulting gains or losses are included in other revenue in the accompanying combined statements of activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years.

TWR accounts for land, buildings, and equipment in foreign locations in accordance with the functional currency provisions of the *Foreign Currency Matters* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This has resulted in a translation adjustment gain (loss) of \$113,090 and (\$1,158,993) for the years ended September 30, 2023 and 2022, respectively, to land, buildings, and equipment with functional currencies that differ from the reporting currency.

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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**PERPETUAL TRUST HELD BY OTHERS**

Perpetual trust held by others consists of a one-eighth beneficial interest. The trust assets consist of cash and cash equivalents and marketable securities. The trust assets are carried at fair value as of the date of the combined financial statements. When possible, the fair value of investments held as trustee or agent are determined by reference to quoted market prices. When quoted market prices are not available, fair value is estimated by reference to market values for similar securities or by discounting cash flows at an appropriate risk rate, taking into consideration the varying degrees of risk specific to each financial asset. Interest earned of \$231,843 and \$281,528 received during the years ended September 30, 2023 and 2022, respectively, is included in investment revenue without donor restrictions in the accompanying combined statements of activities.

**NET ASSETS**

The combined financial statements report amounts separately by class of net assets:

*Net assets without donor restrictions* are currently available for ministry purposes under the direction of the board, designated by the board for specific use, or resources invested in land, buildings, and equipment net of accumulated depreciation.

*Net assets with donor restrictions for purpose or time* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

*Net assets with donor restrictions in perpetuity* consist of one perpetual trust held by others and one endowment held and administered directly by TWR. The perpetual trust held by others fair market value as of September 30, 2023 and 2022, was \$4,518,052 and \$4,356,553, respectively. The endowment consists of common stock with a fair market value as of September 30, 2023 and 2022, of \$336,036 and \$328,492, respectively. Substantially all of the net asset balance is comprised of the perpetual trust held by others. Therefore, the disclosure requirements related to net assets with donor restrictions in perpetuity as prescribed by the *Endowment* topic of the FASB ASC are not included due to immateriality.

**SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES**

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Noncash gifts are recorded at their estimated fair market value on the date of donation.

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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Media services revenue is recorded when earned, which is when broadcasts are aired or when media services are provided. TWR enters into agreements with media partners for broadcasting. Although terms of the agreements vary, the price charged to the media partners is based on the number of on-air spots the media partner receives. Media partners typically pay monthly and prepayments are deferred at fiscal year-end. Contracts vary in length from several months to a year, and are structured with monthly payment terms.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as reclassifications.

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

Expenses, including advertising and promotion costs of \$1,537,274 and \$1,397,638 for the years ended September 30, 2023 and 2022, respectively, are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities of TWR have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

In connection with promotional mailings, missionary furloughs, and other informational activities, TWR incurred joint costs of \$5,217,236 and \$4,792,815 for the years ended September 30, 2023 and 2022, respectively. Of those costs, \$2,592,234 and \$2,435,209 were allocated to program services, \$16,483 and \$14,722 were allocated to management and general, and \$2,608,519 and \$2,342,884 were allocated to fundraising for the years ended September 30, 2023 and 2022, respectively.

TWR has entered into foreign currency exchange contracts to hedge exposure to future spending activity denominated in foreign currencies in areas where it conducts significant business. As of September 30, 2023, TWR has varying monthly commitment amounts through March 2026 for notional amounts approximating \$1,579,000 for the African Rand, \$1,365,000 for the Singapore Dollar, and \$1,355,000 for the European Union Euro.

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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**CONTRIBUTED SERVICES**

Contributed services represent donated skilled services and includes the cost of salary, benefits, and work expenses for approximately 35 individuals involved in engineering, broadcast operations, and broadcast administration. Contributed services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TWR. During the years ended September 30, 2023 and 2022, contributed services meeting the criteria for recognition in the combined financial statements totaled \$1,281,175 and \$1,573,544, respectively.

**INTENTIONS TO GIVE**

TWR receives indications of intent to support ministries that are commitments to provide monthly, quarterly, or annual gifts of a specified amount. These commitments are open-ended and subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

**FOREIGN OPERATIONS**

In connection with its worldwide ministry, TWR maintains broadcasting stations and other supporting facilities in various countries outside the United States. As of September 30, 2023 and 2022, current assets in other countries, including cash, securities, receivables, prepaid expenses, and inventories, totaled \$3,197,932 and \$2,661,317, respectively; noncurrent assets, other than land, buildings, and equipment, were \$447,929 and \$402,128, respectively; land, buildings, and equipment, at cost-net amounted to \$6,386,343 and \$6,668,235, respectively; and liabilities in other countries were \$1,799,593 and \$2,320,736, respectively. Total overseas support and revenue received from foreign sources amounted to \$5,614,456 and \$8,230,162 for the years ended September 30, 2023 and 2022, respectively. Account balances relating to foreign operations are reflected in the combined financial statements in United States dollars.

**RECLASSIFICATION**

During the year ended September 30, 2023, management determined that a reclassification was necessary, to properly reflect net assets with donor restrictions. The previous fiscal year classified \$2,125,280 as net assets without donor restrictions, which should have been classified as net assets with donor restrictions. Total net assets were not affected by this error. This error was uncovered during an internal audit of fund restrictions. Internal reports have been corrected to prevent this error in the future.



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3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects TWR's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. TWR considers general expenditures to be all expenditures related to its ongoing activities to proclaim the Gospel of our Lord and Savior Jesus Christ in areas of the world where other forms of Christian witness may not be possible as well as the conduct of services undertaken to support those activities to be general expenditures.

	September 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 10,470,998	\$ 20,190,173
Receivables–net	1,784,138	1,958,461
Investments	20,627,579	8,740,072
Trust assets	2,326,549	2,617,380
Perpetual trust held by others and endowment	4,854,088	4,685,045
Financial assets, at year-end	40,063,352	38,191,131
Less those not available for general expenditure within one year, due to:		
Perpetual trust held by others and endowment not convertible to cash within next 12 months	(4,854,088)	(4,685,045)
Life income net assets	(656,636)	(754,474)
Board-designated for various purposes	(1,126,613)	(1,227,171)
Minimum state required annuity reserves	(2,614,075)	(2,488,765)
	(9,251,412)	(9,155,455)
Financial assets available to meet cash needs for general expenditures within one year	\$ 30,811,940	\$ 29,035,676

As part of TWR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Board-designated reserves can be released upon resolution of the board and used for general expenditures. Prepaid expenses on the combined statements of financial position will reduce cash needed for general expenditures in the subsequent year. At September 30, 2023, TWR has \$14,499,012 in net assets with donor restrictions for missionary and project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

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3. LIQUIDITY AND FUNDS AVAILABLE, continued:

TWR considers support with and without donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program service commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during TWR's fiscal year.

TWR maintains a line of credit at a North Carolina financial institution. As of September 30, 2023, this line permitted TWR to borrow up to \$1,500,000 and is secured by real property in Cary, North Carolina. No commitment fees or compensating balances are required. As of September 30, 2023 and 2022, this line of credit bears interest at a rate equal to the Daily Bloomberg Short-Term Bank Yield Index Rate (BSBY) plus 200 basis points (or 7.43% as of September 30, 2023 and 5.10% as of September 30, 2022). As of September 30, 2023, and 2022, TWR had no outstanding borrowings against this line of credit.

4. RECEIVABLES—NET:

Receivables—net consist of:

	September 30,	
	2023	2022
Broadcasters—net of allowance for uncollectible accounts of \$150,000 for both years ended	\$ 1,240,841	\$ 1,544,128
Advances to employees	291,253	117,894
Due from suppliers/affiliates	252,044	296,439
	\$ 1,784,138	\$ 1,958,461

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consist of:

	September 30,	
	2023	2022
Spare parts inventory	\$ 656,182	\$ 767,295
Rents and deposits	72,719	65,078
Other prepaids	531,609	596,273
	\$ 1,260,510	\$ 1,428,646

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6. INVESTMENTS:

Investments consist of:

	September 30,	
	2023	2022
Operating and specified purpose:		
Exchanged traded funds	\$ 6,195	\$ 6,195
Fixed income securities	10,560,805	-
Private equity	207,020	-
Mutual funds	1,195,551	668,847
	11,969,571	675,042
Life income:		
Exchange traded funds	\$3,442,905	3,021,515
Fixed income securities	1,683,491	1,566,641
Mortgage-backed securities	739,311	749,384
Mutual funds	2,792,301	2,727,490
	\$8,658,008	8,065,030
	\$ 20,627,579	\$ 8,740,072
Investments held at:		
Cost	\$ 207,020	\$ -
Fair value	20,420,559	8,740,072
	\$ 20,627,579	\$ 8,740,072

7. LONG-TERM INVESTMENTS AND OTHER ASSETS:

Long-term investments and other assets consist of:

	September 30,	
	2023	2022
Cash surrender value of life insurance	\$ 30,473	\$ 28,851
Broadcasting facility development costs—net of amortization of \$293,431 and \$1,405,110, respectively	447,929	402,127
	\$ 478,402	\$ 430,978

Broadcasting facility development costs represent amounts invested in the development of new and improved broadcast facilities in Central Asia. The funds advanced to the station owners will be recovered through reduced airtime charges to TWR for the programs broadcast by TWR.

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8. LAND, BUILDINGS, AND EQUIPMENT, AT COST-NET:

Land, buildings, and equipment, at cost-net consist of:

	September 30,			September 30,
	2023			2022
	United States	Other Countries	Total	Total
Land	\$ 1,230,407	\$ 677,934	\$ 1,908,341	\$ 1,965,378
Buildings	8,265,245	3,705,161	11,970,406	11,972,550
Transmitting, generating, and testing equipment	3,946,567	7,312,631	11,259,198	10,948,840
Furniture and equipment	5,281,095	1,336,624	6,617,719	6,599,244
	18,723,314	13,032,350	31,755,664	31,486,012
Less accumulated depreciation	(11,920,100)	(7,028,530)	(18,948,630)	(18,069,778)
	6,803,214	6,003,820	12,807,034	13,416,234
Construction in progress	1,191,715	382,523	1,574,238	1,324,821
	18,994,929	6,386,343	14,381,272	14,741,055
Net book value of land, buildings, and equipment	\$ 7,994,929	\$ 6,386,343	\$ 14,381,272	\$ 14,741,055

9. ANNUITIES PAYABLE:

TWR has established a gift annuity plan whereby donors may contribute assets to TWR in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes.

The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a gift without donor restrictions for long-term purposes.

The annuity liability is revalued annually based upon actuarially computed present values and is carried at the present value of future cash payments. The resulting actuarial gain or loss is included with change in value of split interest agreements in the accompanying combined statements of activities.

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9. ANNUITIES PAYABLE, continued:

Annuities payable consist of:

	September 30,	
	2023	2022
Computed present value	\$ 6,629,260	\$ 6,347,988
Less current portion	(844,203)	(820,669)
	\$ 5,785,057	\$ 5,527,319

Several states have specific requirements for calculating the investment assets TWR must hold to provide resources for paying obligations to annuitants. TWR holds these reserves as designated net assets without donor restrictions in the accompanying combined statements of financial position.

10. TRUST ASSETS, OBLIGATIONS, AND NET ASSETS:

TWR administers charitable remainder trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the portion of the trusts attributable to the remainder interest of TWR is recorded on the combined statements of activities as a contribution with donor restrictions in the period received, as net assets with donor restrictions. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as reclassifications. Certain trusts contain provisions to distribute assets to remaindermen other than TWR. The portion attributable to others is reflected as a liability in the combined statements of financial position.

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10. TRUST ASSETS, OBLIGATIONS, AND NET ASSETS, continued:

	September 30,	
	2023	2022
Trust assets—at fair value:		
Cash and cash equivalents	\$ 59,569	\$ 63,688
Exchange traded funds	727,628	811,326
Mutual funds	1,539,352	1,742,366
	\$ 2,326,549	\$ 2,617,380
Trust obligations and net assets:		
Trust obligations:		
Current portion of irrevocable trusts	\$ 135,755	\$ 178,335
Irrevocable trusts, net of current portion	1,534,158	1,684,571
	1,669,913	1,862,906
Trust net assets	656,636	754,474
	\$ 2,326,549	\$ 2,617,380

An actuarial adjustment is recognized in the combined statements of activities for changes in the value of annuities and trusts. These changes include:

	Year Ended September 30,	
	2023	2022
Interest and dividends	\$ 422,372	\$ 571,895
Realized and unrealized losses	792,757	(2,583,744)
Actuarial adjustments	451,357	(448,260)
Advisory fees and other expenses	(107,463)	(150,212)
Payments to income beneficiaries	(826,132)	(855,984)
	\$ 732,891	\$ (3,466,305)

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11. NET ASSETS:

Net assets consist of:

	September 30,	
	2023	2022
Without donor restrictions:		
Undesignated:		
Available for ministry purposes	\$ 6,330,562	\$ 4,878,619
Unfunded employee benefit obligations (Note 14)	(3,218,919)	(3,838,927)
	3,111,643	1,039,692
Designated:		
Board-designated for various purposes	1,126,613	1,227,171
Minimum state required annuity reserves	2,614,075	2,488,765
	3,740,688	3,715,936
Equity in land, buildings, and equipment	14,381,272	14,741,055
	\$ 21,233,603	\$ 19,496,683
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose:		
Restricted for future ministry activities:		
Missionary equipment	\$ 1,482,248	\$ 1,490,318
Women's ministry	1,187,693	1,078,782
Children and youth ministry	300,375	380,211
HIV/AIDS and health issues ministry	215,641	239,159
Leadership and communicators ministry	1,353,549	865,109
Extending the Reach	6,321,069	6,309,485
Other ministry initiatives	3,668,910	3,763,383
	14,529,485	14,126,447
Life income:		
Charitable remainder trusts (Note 10)	656,636	754,474
Restricted in perpetuity:		
Perpetual trust and endowment	4,854,088	4,685,045
	\$ 20,040,209	\$ 19,565,966

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12. EXPENSES BY BOTH NATURE AND FUNCTION:

The combined financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of TWR. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, payroll, facilities, operations and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

Functional expenses by natural classification for the year ended September 30, 2023:

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Payroll and personnel	\$ 15,452,108	\$ 1,620,596	\$ 1,916,897	\$ 18,989,601
Purchased airtime	4,628,087	-	-	4,628,087
Ministry grants and national partner development	6,012,111	10,692	23,107	6,045,910
General office	2,255,253	182,707	353,653	2,791,613
Broadcast operations	1,828,589	185	35,005	1,863,779
Travel	952,761	80,133	177,183	1,210,077
Depreciation	933,027	31,926	56,939	1,021,892
Fund development	50,952	-	1,486,322	1,537,274
Program production	948,187	1,222	1,182	950,591
Insurance	226,519	391,644	1,170	619,333
Consulting fees	324,828	110,295	23,154	458,277
Meetings	222,154	8,398	29,595	260,147
Finance	458,764	66,099	5,823	530,686
Missionary ministry funds	210,548	-	47,785	258,333
	<u>\$ 34,503,888</u>	<u>\$ 2,503,897</u>	<u>\$ 4,157,815</u>	<u>\$ 41,165,600</u>



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12. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended September 30, 2022:

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Payroll and personnel	\$ 15,500,262	\$ 1,583,781	\$ 1,816,388	\$ 18,900,431
Purchased airtime	4,928,313	-	-	4,928,313
Ministry grants and national partner development	6,446,451	23,298	-	6,469,749
General office	2,371,691	182,755	353,915	2,908,361
Broadcast operations	1,762,175	142	21,674	1,783,991
Travel	732,062	45,999	142,720	920,781
Depreciation	935,367	32,461	55,765	1,023,593
Fund development	158,276	-	1,239,362	1,397,638
Program production	1,012,204	976	3,720	1,016,900
Insurance	210,551	351,518	681	562,750
Consulting fees	332,208	85,084	38,714	456,006
Meetings	128,869	2,675	17,143	148,687
Finance	334,539	51,391	4,101	390,031
Missionary ministry funds	205,236	13	66,798	272,047
	<u>\$ 35,058,204</u>	<u>\$ 2,360,093</u>	<u>\$ 3,760,981</u>	<u>\$ 41,179,278</u>

13. COMMITMENTS:

**AIRTIME COMMITMENTS**

In addition to their own transmitting facilities, TWR has entered into contracts with various foreign corporations to purchase airtime in order to air international gospel programs. The agreements specify minimum levels of time usage at various rates and are subject to periodic review by the foreign corporations.

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14. EMPLOYEE BENEFIT OBLIGATIONS:

**DEFINED CONTRIBUTION PLAN**

Effective in 2009, TWR established a new 401(k) plan (the Plan) for U.S. staff and missionaries, which was reclassified as a 403(b) plan in 2022. TWR provides a 50% match for U.S. based employees contributing up to 6% of their base salary. For U.S. missionaries serving outside the U.S., TWR contributes 9% of the missionaries' U.S. base pay rate. U.S. missionaries and staff may make additional voluntary contributions which are not matched by TWR. TWR contributed \$291,373 and \$263,534 in matching contributions to the Plan for the years ended September 30, 2023 and 2022, respectively. Employee contributions vest at time of payment into the Plan. TWR's contributions become fully vested after three years of service. All employees may start contributions from the date of employment. TWR begins matching U.S. staff contributions immediately upon employment.

**AD HOC RETIREMENT PLAN**

In recognition of years of service prior to TWR implementing its 401(k) plan described above, TWR provides a supplemental pension allowance and certain other retiree welfare benefits, including medical and life insurance benefits, to qualifying U.S. employees which qualifies as a defined benefit plan. In 2007, the board froze the plan to any additional participants.

The ad hoc plan's current and future benefits are funded by undesignated net assets without donor restrictions of TWR (see Note 11). The following table sets forth the amounts recognized in the combined statements of financial position:

	Pension Benefits		Retiree Welfare Benefits	
	2023	2022	2023	2022
Change in benefit obligation:				
Benefit obligation, October 1	\$ 1,734,292	\$ 1,739,798	\$ 2,104,635	\$ 2,249,129
Interest cost	80,556	95,814	98,475	69,488
Actuarial gain/(loss)	(48,366)	134,745	(319,389)	21,460
Benefits paid	(249,397)	(236,065)	(181,887)	(235,442)
Benefit obligation, September 30	<u>\$ 1,517,085</u>	<u>\$ 1,734,292</u>	<u>\$ 1,701,834</u>	<u>\$ 2,104,635</u>

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14. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Components of net periodic benefit costs for the years ended September 30, 2023 and 2022, are as follows:

	Pension Benefits		Retiree Welfare Benefits	
	2023	2022	2023	2022
Components of net periodic benefit cost:				
Interest cost	\$ 80,556	\$ 95,814	\$ 98,475	\$ 69,488
Amortization of unrecognized net gain	114,318	10,035	(28,216)	(18,529)
Net periodic pension cost	\$ 194,874	\$ 105,849	\$ 70,259	\$ 50,959

Weighted-average assumptions and method disclosures as of September 30, 2023 and 2022, include:

	Pension Benefits		Retiree Welfare Benefits	
	2023	2022	2023	2022
Discount rate	5.42%	5.00%	5.44%	5.00%
Average life expectancy of participants	8 years	9.5 years	8 years	9.5 years

Furthermore, for purposes of calculating the benefit obligation for the post-retirement other benefit component, TWR assumed an initial 10% health care cost trend for participants for the years ended September 30, 2023 and 2022.

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14. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Based upon participants involved, TWR's expected contribution is as follows and accordingly classified on the combined statements of financial position:

	September 30,	
	2023	2022
Employee benefit obligation (including pension and retiree welfare benefits)	\$ 3,218,919	\$ 3,838,927
Less current portion	(686,153)	(551,089)
Employee benefit obligation—net of current portion	\$ 2,532,766	\$ 3,287,838

*Estimated Future Benefit Payments*—The following benefit payments, which reflect expected future service as appropriate, are expected to be paid:

Years Ending September 30,	Pension Benefits	Retiree Welfare Benefits
2024	\$ 313,900	\$ 372,253
2025	299,168	363,629
2026	175,398	152,729
2027	160,064	142,491
2028	144,803	131,662
Thereafter	423,752	539,070
	\$ 1,517,085	\$ 1,701,834

15. CONCENTRATIONS:

Three broadcasters represent approximately 53% of total broadcast revenue for the year ended September 30, 2023 and approximately 58% of total broadcast revenue for the year ended September 30, 2022. TWR's operations and program activities could be impacted if these relationships were to be terminated and could not be replaced by new ones with comparable amounts.

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16. RELATED PARTY TRANSACTIONS:

Support and revenue provided by affiliated organizations (as described in Note 1) approximated \$2,674,000 and \$3,572,000 plus approximately \$1,041,000 and \$1,245,000 in contributed services for the years ended September 30, 2023 and 2022, respectively.

Grants to affiliated organizations and payments for services rendered and for other development costs totaled \$6,048,394 and \$6,459,833 for the years ended September 30, 2023 and 2022, respectively.

17. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. TWR uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, TWR measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying combined statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023:

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2023			
	Total	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)	
Investments, at fair value:				
Exchanged traded funds:				
International	\$ 190,660	\$ 190,660	\$ -	\$ -
Bond	417,566	417,566	-	-
Large cap	2,634,001	2,634,001	-	-
Small cap	115,088	115,088	-	-
REITs	76,620	76,620	-	-
Other	15,165	15,165	-	-
Fixed income securities:				
Bond	1,678,641	1,678,641	-	-
Municipal	4,850	-	4,850	-
U.S. Treasuries	10,560,805	10,560,805	-	-
Mortgage-backed securities:				
Intermediate bond	35,283	35,283	-	-
Long bond	704,028	704,028	-	-
Mutual funds:				
International	1,587,365	1,587,365	-	-
Intermediate bond	1,152,806	1,152,806	-	-
Small cap	685,976	685,976	-	-
REITs	456,425	456,425	-	-
Other	105,280	105,280	-	-
Total investments, at fair value	<u>\$ 20,420,559</u>	<u>\$ 20,415,709</u>	<u>\$ 4,850</u>	<u>\$ -</u>

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2023			
	Total	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)	
Trust assets, at fair value:				
Cash and cash equivalents	\$ 59,569	\$ 59,569	\$ -	\$ -
Exchange traded funds:				
Bond	84,154	84,154	-	-
Large cap	635,336	635,336	-	-
Small cap	1,134	1,134	-	-
Other	7,004	7,004	-	-
Mutual funds:				
International	405,610	405,610	-	-
Intermediate bond	810,479	810,479	-	-
Small cap	200,301	200,301	-	-
REITs	122,962	122,962	-	-
Total trust assets, at fair value	<u>\$ 2,326,549</u>	<u>\$ 2,326,549</u>	<u>\$ -</u>	<u>\$ -</u>

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2023			
	Total	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)	
Assets held in perpetual trust and endowment assets, at fair value:				
Cash and cash equivalents	\$ 55,027	\$ 12,119	\$ -	\$ 42,908
Corporate stock	129,440	129,440	-	-
Exchange traded funds:				
US large cap	1,239,132	-	-	1,239,132
US mid cap	595,863	-	-	595,863
US small cap	317,948	-	-	317,948
International developed	509,058	-	-	509,058
Emerging markets	314,321	-	-	314,321
Mutual funds:				
Large cap	59,423	59,423	-	-
Small cap	22,546	22,546	-	-
International	48,135	48,135	-	-
REIT	14,368	14,368	-	-
Bond	50,004	50,004	-	-
Fixed income bonds:				
Investment grade taxable	451,422	-	-	451,422
International developed	46,546	-	-	46,546
Global high yield taxable	38,787	-	-	38,787
Fixed income other	249	-	-	249
Other:				
Hedge funds	811,619	-	-	811,619
Private equity fund	22,230	-	-	22,230
Commodities	127,970	-	-	127,970
Total assets held in perpetual trust and endowment assets, at fair value	<u>\$ 4,854,088</u>	<u>\$ 336,035</u>	<u>\$ -</u>	<u>\$ 4,518,053</u>



**TRANS WORLD RADIO  
AND  
TRANS WORLD RADIO PACIFIC**

**Notes to Combined Financial Statements**

September 30, 2023 and 2022

17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2022			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Exchange traded funds:				
International	\$ 125,731	\$ 125,731	\$ -	\$ -
Bond	448,559	448,559	-	-
Large cap	2,297,000	2,297,000	-	-
Small cap	81,529	81,529	-	-
REITs	58,710	58,710	-	-
Other	16,181	16,181	-	-
Fixed income securities:				
Bond	1,556,396	1,556,396	-	-
Municipal	10,245	-	10,245	-
Mortgage-backed securities:				
Intermediate bond	39,665	39,665	-	-
Long bond	709,719	709,719	-	-
Mutual funds:				
International	1,366,590	1,366,590	-	-
Intermediate bond	946,357	946,357	-	-
Small cap	628,251	628,251	-	-
REITs	407,668	407,668	-	-
Other	47,471	47,471	-	-
Total investments at fair value	\$ 8,740,072	\$ 8,729,827	\$ 10,245	\$ -

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

17. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2022		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
Cash and cash equivalents	\$ 63,688	\$ 63,688	\$ -	\$ -
Exchanged traded funds:				
Bond	105,698	105,698	-	-
Large cap	695,313	695,313	-	-
Small cap	1,367	1,367	-	-
Other	8,948	8,948	-	-
Mutual funds:				
International	423,457	423,457	-	-
Intermediate bond	961,622	961,622	-	-
Small cap	205,270	205,270	-	-
REITs	152,017	152,017	-	-
Total trust assets at fair value	<u>\$ 2,617,380</u>	<u>\$ 2,617,380</u>	<u>\$ -</u>	<u>\$ -</u>

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2022			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets, at fair value:				
Cash and cash equivalents	\$ 268,553	\$ 10,308	\$ -	\$ 258,245
Corporate stock	136,000	136,000	-	-
Exchange traded funds:				
US large cap	1,066,076	-	-	1,066,076
US mid cap	619,987	-	-	619,987
US small cap	512,306	-	-	512,306
International developed	427,282	-	-	427,282
Emerging markets	273,671	-	-	273,671
Mutual funds:				
Large cap	55,008	55,008	-	-
Small cap	22,715	22,715	-	-
International	40,180	40,180	-	-
REIT	15,049	15,049	-	-
Bond	49,232	49,232	-	-
Fixed income bonds:				
Investment grade taxable	313,544	-	-	313,544
International developed	46,893	-	-	46,893
Global high yield taxable	37,939	-	-	37,939
Other:				
Hedge funds	541,345	-	-	541,345
Private equity fund	136,678	-	-	136,678
Commodities	122,587	-	-	122,587
 Total assets held in perpetual trust and endowment assets, at fair value	 \$ 4,685,045	\$ 328,492	\$ -	\$ 4,356,553

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2023 and 2022

17. FAIR VALUE MEASUREMENTS, continued:

The following tables provide further details of the Level 3 fair value measurements for beneficial interest in trusts held by others:

	September 30,	
	2023	2022
Beginning balance:	\$ 4,356,553	\$ 5,334,179
Contributions of beneficial interests	-	-
Distributions of beneficial interests	-	-
Change in value of beneficial interest in trusts held by others	161,500	(977,626)
Ending balance	\$ 4,518,053	\$ 4,356,553

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

*Level 1 Fair Value Measurements*

The fair values of cash and cash equivalents, corporate stock, exchange traded funds, fixed income securities, mortgage-backed securities, and mutual funds are based on quoted market prices, when available.

*Level 2 Fair Value Measurements*

The fair values of the cash and cash equivalents, exchange traded funds, mutual funds, and certificates of deposit are based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality, and type as obtained from market makers. The fair values of fixed income securities and mortgage-backed securities are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of precious metals is estimated by reference to market values for similar securities. Currency exchange contract liability is the estimated amount that TWR would owe the financial institution if it terminated the contracts at the reporting date.

*Level 3 Fair Value Measurements*

The fair value of beneficial interest in perpetual trusts held by others is based on the value of TWR's proportional share of the overall assets held by the other organizations.

18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 16, 2024, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.