



Speaking Hope to the World®

TRANS WORLD RADIO and
TRANS WORLD RADIO PACIFIC

Combined Financial Statements
With Independent Auditors' Report

September 30, 2024 and 2023

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Combined Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities	5
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	9

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 (both nonprofit organizations), which comprise the combined statements of financial position as of September 30, 2024 and 2023, 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, 2024 and 2023, and the changes in their 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 LLC

Lawrenceville, Georgia
May 13, 2025

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

Combined Statements of Financial Position

	September 30,	
	2024	2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 6,183,566	\$ 10,470,998
Receivables–net (Note 4)	1,652,203	1,784,138
Prepaid expenses and other current assets (Note 5)	1,511,574	1,260,510
Investments (Note 6 and 17)	24,111,727	20,627,579
	<u>33,459,070</u>	<u>34,143,225</u>
Other assets (Note 7)	1,482,036	478,402
Trust assets (Note 10)	2,659,932	2,326,549
Land, buildings, and equipment, at cost–net (Note 8)	15,098,991	14,381,272
Perpetual trust held by others and endowment (Note 2 and 17)	5,626,923	4,854,088
	<u>58,326,952</u>	<u>56,183,536</u>
Total Assets	\$ 58,326,952	\$ 56,183,536
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Trade payables	\$ 1,782,271	\$ 2,161,116
Accrued expenses	1,152,800	1,230,516
Current portion of:		
Annuities payable (Note 9)	882,587	844,203
Trust obligations (Note 10)	144,031	135,755
Employee benefit obligations (Note 14)	662,797	551,089
	<u>4,624,486</u>	<u>4,922,679</u>
Long-term liabilities:		
Annuities payable (Note 9)	6,182,007	5,785,057
Trust obligations (Note 10)	1,739,103	1,534,158
Employee benefit obligations (Note 14)	2,001,014	2,667,830
Total liabilities	14,546,610	14,909,724

(continued)

See notes to combined financial statements

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

Combined Statements of Financial Position
(continued)

	September 30,	
	2024	2023
LIABILITIES AND NET ASSETS, continued:		
Net assets (Note 11):		
Without donor restrictions:		
Undesignated	6,028,817	3,111,643
Designated	4,585,293	3,740,688
Equity in land, buildings, and equipment	15,098,991	14,381,272
	<u>25,713,101</u>	<u>21,233,603</u>
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose	11,663,520	14,529,485
Life income	776,798	656,636
Restricted in perpetuity:		
Perpetual trust and endowment	5,626,923	4,854,088
	<u>18,067,241</u>	<u>20,040,209</u>
Total net assets	<u>43,780,342</u>	<u>41,273,812</u>
Total Liabilities and Net Assets	<u>\$ 58,326,952</u>	<u>\$ 56,183,536</u>

See notes to combined financial statements

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Combined Statements of Activities

Year Ended September 30,								
2024				2023				
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	
SUPPORT AND REVENUE:								
Support:								
Missionary support	\$ 6,278,887	\$ 1,064,404	\$ -	\$ 7,343,291	\$ 6,405,752	\$ 784,996	\$ -	\$ 7,190,748
General	8,643,594	5,862,821	-	14,506,415	7,338,201	6,797,103	-	14,135,304
Legacies and bequests	949,538	-	-	949,538	2,704,568	-	-	2,704,568
Contributed services	1,400,557	-	-	1,400,557	1,281,175	-	-	1,281,175
Gift portion of new split interest agreements	461,431	-	-	461,431	411,775	-	-	411,775
	<u>17,734,007</u>	<u>6,927,225</u>	<u>-</u>	<u>24,661,232</u>	<u>18,141,471</u>	<u>7,582,099</u>	<u>-</u>	<u>25,723,570</u>
Revenue:								
Media services	11,511,640	-	-	11,511,640	14,702,462	-	-	14,702,462
Investment	1,506,409	1,098	772,835	2,280,342	1,429,418	1,007	169,043	1,599,468
Change in value of split interest agreements (Note 10)	1,600,493	120,163	-	1,720,656	441,664	291,227	-	732,891
Other	752,406	-	-	752,406	347,450	-	-	347,450
	<u>15,370,948</u>	<u>121,261</u>	<u>772,835</u>	<u>16,265,044</u>	<u>16,920,994</u>	<u>292,234</u>	<u>169,043</u>	<u>17,382,271</u>
Total Support and Revenue	<u>33,104,955</u>	<u>7,048,486</u>	<u>772,835</u>	<u>40,926,276</u>	<u>35,062,465</u>	<u>7,874,333</u>	<u>169,043</u>	<u>43,105,841</u>
RECLASSIFICATIONS:								
Net assets released from restriction:								
Satisfaction of purpose restrictions	9,794,289	(9,794,289)	-	-	7,569,133	(7,569,133)	-	-

(continued)

See notes to combined financial statements

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

Combined Statements of Activities
(continued)

	Year Ended September 30,							
	2024				2023			
	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
EXPENSES:								
Program services:								
Media services	30,064,803	-	-	30,064,803	32,376,563	-	-	32,376,563
Missions awareness	2,047,210	-	-	2,047,210	2,127,471	-	-	2,127,471
	<u>32,112,013</u>	<u>-</u>	<u>-</u>	<u>32,112,013</u>	<u>34,504,034</u>	<u>-</u>	<u>-</u>	<u>34,504,034</u>
Supporting activities:								
Management and general	2,473,688	-	-	2,473,688	2,503,897	-	-	2,503,897
Fundraising	4,111,169	-	-	4,111,169	4,157,669	-	-	4,157,669
	<u>6,584,857</u>	<u>-</u>	<u>-</u>	<u>6,584,857</u>	<u>6,661,566</u>	<u>-</u>	<u>-</u>	<u>6,661,566</u>
Total Expenses	<u>38,696,870</u>	<u>-</u>	<u>-</u>	<u>38,696,870</u>	<u>41,165,600</u>	<u>-</u>	<u>-</u>	<u>41,165,600</u>
Change in Net Assets before Translation Adjustment	4,202,374	(2,745,803)	772,835	2,229,406	1,465,998	305,200	169,043	1,940,241
Translation Adjustment	<u>277,124</u>	<u>-</u>	<u>-</u>	<u>277,124</u>	<u>270,922</u>	<u>-</u>	<u>-</u>	<u>270,922</u>
Change in Net Assets	4,479,498	(2,745,803)	772,835	2,506,530	1,736,920	305,200	169,043	2,211,163
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 25,713,101</u>	<u>\$ 12,440,318</u>	<u>\$ 5,626,923</u>	<u>\$ 43,780,342</u>	<u>\$ 21,233,603</u>	<u>\$ 15,186,121</u>	<u>\$ 4,854,088</u>	<u>\$ 41,273,812</u>

See notes to combined financial statements

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Combined Statements of Cash Flows

	Year Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,506,530	\$ 2,211,163
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,020,477	1,021,892
Unrealized/realized (gain) loss on investments	(3,062,814)	121,788
(Gain) loss on sale of land, buildings, and equipment	(2,284)	101,198
Change in value of charitable trusts	(120,163)	(291,227)
Actuarial change in charitable gift annuities	(25,036)	(33,588)
Change in land, buildings, and equipment due to currency translation	(427,147)	(113,090)
Changes in operating assets and liabilities:		
Receivables	131,935	174,323
Prepaid expenses and other current assets	(251,064)	168,136
Other assets	(1,003,634)	(47,424)
Trade payables	(378,845)	(484,613)
Accrued expenses	(77,716)	196,905
Employee benefit obligations	(555,108)	(620,008)
Net Cash Provided (Used) by Operating Activities	<u>(2,244,869)</u>	<u>2,405,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of land, buildings, and equipment	(1,408,248)	(658,539)
Proceeds from sale of land, buildings, and equipment	99,483	8,322
Investment (loss) income from charitable trusts	(419,980)	(378,954)
Proceeds from sales of investments	1,668,459	2,228,507
Acquisitions of investments	(3,196,011)	(13,726,949)
Maturities of charitable gift annuities	(212,290)	(613,930)
Payments on charitable gift annuities	685,073	668,275
Net Cash Used by Investing Activities	<u>(2,783,514)</u>	<u>(12,473,268)</u>

(continued)

See notes to combined financial statements

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

Combined Statements of Cash Flows
(continued)

	Year Ended September 30,	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new annuities and trusts	2,029,475	1,586,545
Gift portion of new charitable gift annuities	(461,431)	(411,775)
Payments on annuities and trusts	(827,093)	(826,132)
Net Cash Provided (Used) by Financing Activities	740,951	348,638
 Net Change in Cash and Cash Equivalents	 (4,287,432)	 (9,719,175)
 Cash and Cash Equivalents, Beginning of Year	 10,470,998	 20,190,173
 Cash and Cash Equivalents, End of Year	 \$ 6,183,566	 \$ 10,470,998

See notes to combined financial statements

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

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—TWR engages millions of people in 190 countries through Bible-based content distributed 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.

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, distribution and transmission; training; 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, 2024 and 2023

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 those 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, 2024 and 2023, TWR's cash balances exceeded federally insured limits by \$2,247,579 and \$4,039,908, 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 credit losses when it is determined the amounts are uncollectible.

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECEIVABLES—NET, continued

The allowance for credit losses 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 current and future 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. At September 30, 2024 and 2023, no reserve for obsolescence has been recorded, as management believes all spare parts inventory are useable.

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 three 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 \$427,147 and \$113,090 for the years ended September 30, 2024 and 2023, respectively, to land, buildings, and equipment with functional currencies that differ from the reporting currency.

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

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 \$198,255 and \$231,843 received during the years ended September 30, 2024 and 2023, 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, 2024 and 2023, was \$5,204,597 and \$4,518,052, respectively. The endowment consists of common stock with a fair market value as of September 30, 2024 and 2023, of \$422,326 and \$336,036, 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.

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Media services revenue is recorded when the performance obligation is met, 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 \$1,686,298 and \$1,537,274 for the years ended September 30, 2024 and 2023, 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 \$5,282,128 and \$5,217,236 for the years ended September 30, 2024 and 2023, respectively. Of those costs, \$2,573,992 and \$2,592,234 were allocated to program services, \$15,647 and \$16,483 were allocated to management and general, and \$2,692,489 and \$2,608,519 were allocated to fundraising for the years ended September 30, 2024 and 2023, 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, 2024, TWR has varying monthly commitment amounts through June 2027 for notional amounts approximating \$1,519,000 for the African Rand, \$1,425,000 for the Singapore Dollar, and \$1,475,000 for the European Union Euro. For the year ended September 30, 2024, the currency exchange transaction asset (see Note 5) is included with prepaid expenses and other current assets in the accompanying combined statement of position.

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

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, 2024 and 2023, contributed services meeting the criteria for recognition in the combined financial statements totaled \$1,400,557 and \$1,281,175, 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, 2024 and 2023, current assets in other countries, including cash, securities, receivables, prepaid expenses, and inventories, totaled \$2,748,241 and \$3,197,932, respectively; noncurrent assets, other than land, buildings, and equipment, were \$1,389,444 and \$447,929, respectively; land, buildings, and equipment, at cost-net amounted to \$6,338,023 and \$6,386,343, respectively; and liabilities in other countries were \$1,319,912 and \$1,799,593, respectively. Total overseas support and revenue received from foreign sources amounted to \$5,685,423 and \$5,614,956 for the years ended September 30, 2024 and 2023, respectively. Account balances relating to foreign operations are reflected in the combined financial statements in United States dollars.

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects TWR's financial assets as of September 30, 2024 and 2023, 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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 6,183,566	\$ 10,470,998
Receivables—net	1,652,203	1,784,138
Investments	24,111,727	20,627,579
Trust assets	2,659,932	2,326,549
Perpetual trust held by others and endowment	5,626,923	4,854,088
Financial assets, at year-end	<u>40,234,351</u>	<u>40,063,352</u>
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	(5,626,923)	(4,854,088)
Life income net assets	(776,798)	(656,636)
Board-designated for various purposes	(1,840,508)	(1,126,613)
Minimum state required annuity reserves	<u>(2,744,785)</u>	<u>(2,614,075)</u>
	<u>(10,989,014)</u>	<u>(9,251,412)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 29,245,337</u>	<u>\$ 30,811,940</u>

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, 2024, TWR has \$11,663,520 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.

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

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, 2024, 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, 2024 and 2023, 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 6.91% as of September 30, 2024 and 7.43% as of September 30, 2023) and has a maturity date of June 2025. As of September 30, 2024, and 2023, TWR had no outstanding borrowings against this line of credit.

4. RECEIVABLES—NET:

Receivables—net consist of:

	September 30,	
	2024	2023
Broadcasters—net of allowance for credit losses of \$150,000 for both years ended	\$ 1,141,227	\$ 1,240,841
Advances to employees	202,518	291,253
Due from suppliers/affiliates	308,458	252,044
	\$ 1,652,203	\$ 1,784,138

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consist of:

	September 30,	
	2024	2023
Spare parts inventory	\$ 674,859	\$ 656,182
Currency exchange contract asset (see Note 2)	128,120	-
Rents and deposits	82,778	72,719
Other prepaids	625,817	531,609
	\$ 1,511,574	\$ 1,260,510

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

6. INVESTMENTS:

Investments held at fair value consist of:

	September 30,	
	2024	2023
Operating and specified purpose:		
Exchanged traded funds	\$ 6,195	\$ 6,195
Fixed income securities	11,460,740	10,560,805
Mutual funds	3,199,952	1,402,571
	<u>14,666,887</u>	<u>11,969,571</u>
Annuities (Life income):		
Exchange traded funds	4,368,633	3,442,905
Fixed income securities	2,017,327	1,683,491
Mortgage-backed securities	864,273	739,311
Mutual funds	2,194,607	2,792,301
	<u>9,444,840</u>	<u>8,658,008</u>
	<u>\$ 24,111,727</u>	<u>\$ 20,627,579</u>

7. OTHER ASSETS:

Long-term investments and other assets consist of:

	September 30,	
	2024	2023
Cash surrender value of life insurance	\$ 32,186	\$ 30,473
Prepayment of airtime	60,406	-
Broadcasting facility development costs—net of amortization of \$358,784 and \$293,431, respectively	<u>1,389,444</u>	<u>447,929</u>
	<u>\$ 1,482,036</u>	<u>\$ 478,402</u>

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

7. OTHER ASSETS, continued:

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.

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

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

	September 30,			September 30,
	2024			2023
	United States	Other Countries	Total	Total
Land	\$ 1,228,188	\$ 701,383	\$ 1,929,571	\$ 1,908,341
Buildings	8,265,245	3,773,083	12,038,328	11,970,406
Transmitting, generating, and testing equipment	4,134,842	7,479,353	11,614,195	11,259,198
Furniture and equipment	5,266,096	1,294,318	6,560,414	6,617,719
	18,894,371	13,248,137	32,142,508	31,755,664
Less accumulated depreciation	(11,821,053)	(7,545,003)	(19,366,056)	(18,948,630)
	7,073,318	5,703,134	12,776,452	12,807,034
Construction in progress *	1,687,651	634,888	2,322,539	1,574,238
Net book value of land, buildings, and equipment	<u>\$ 8,760,969</u>	<u>\$ 6,338,022</u>	<u>\$ 15,098,991</u>	<u>\$ 14,381,272</u>

* Construction in progress consists primarily of transmitter site improvements.

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 (at an interest rate of 6.0% annually) 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.

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

9. ANNUITIES PAYABLE, continued:

Annuities payable consist of:

	September 30,	
	2024	2023
Computed present value	\$ 7,064,594	\$ 6,629,260
Less current portion	(882,587)	(844,203)
	\$ 6,182,007	\$ 5,785,057

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.

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

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

	September 30,	
	2024	2023
Trust assets—at fair value:		
Cash and cash equivalents	\$ 67,201	\$ 59,569
Exchange traded funds	800,556	727,628
Mutual funds	1,792,175	1,539,352
	<u>\$ 2,659,932</u>	<u>\$ 2,326,549</u>
Trust obligations and net assets:		
Trust obligations:		
Current portion of irrevocable trusts	\$ 144,031	\$ 135,755
Irrevocable trusts, net of current portion	1,739,103	1,534,158
	1,883,134	1,669,913
Trust net assets	776,798	656,636
	<u>\$ 2,659,932</u>	<u>\$ 2,326,549</u>

An actuarial adjustment is recognized in the combined statements of activities within the changes in the value of annuities and trusts. Changes in value includes:

	Year Ended September 30,	
	2024	2023
Interest and dividends	\$ 424,746	\$ 422,372
Realized and unrealized gains	2,214,919	792,757
Actuarial adjustments	24,105	451,357
Advisory fees and other expenses	(116,021)	(107,463)
Payments to income beneficiaries	(827,093)	(826,132)
	<u>\$ 1,720,656</u>	<u>\$ 732,891</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

11. NET ASSETS:

Net assets consist of:

	September 30,	
	2024	2023
Without donor restrictions:		
Undesignated:		
Available for ministry purposes	\$ 8,692,628	\$ 6,330,562
Unfunded employee benefit obligations (Note 14)	(2,663,811)	(3,218,919)
	<u>6,028,817</u>	<u>3,111,643</u>
Designated:		
Board-designated for various purposes	1,840,508	1,126,613
Minimum state required annuity reserves	2,744,785	2,614,075
	<u>4,585,293</u>	<u>3,740,688</u>
Equity in land, buildings, and equipment	<u>15,098,991</u>	<u>14,381,272</u>
	<u>\$ 25,713,101</u>	<u>\$ 21,233,603</u>
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose:		
Restricted for future ministry activities:		
Missionary equipment	\$ 1,586,704	\$ 1,482,248
Women's ministry	979,000	1,187,693
Children and youth ministry	261,913	300,375
HIV/AIDS and health issues ministry	214,002	215,641
Leadership and communicators ministry	1,259,232	1,353,549
Extending the Reach	4,086,384	6,321,069
Other ministry initiatives	3,276,285	3,668,910
	<u>11,663,520</u>	<u>14,529,485</u>
Life income:		
Charitable remainder trusts (Note 10)	776,798	656,636
Restricted in perpetuity:		
Perpetual trust and endowment	<u>5,626,923</u>	<u>4,854,088</u>
	<u>\$ 18,067,241</u>	<u>\$ 20,040,209</u>

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

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, 2024:

	Program Services			Supporting Activities			Total Expenses
	Media Services	Missions Awareness	Subtotal	Management and General	Fundraising	Subtotal	
Payroll and personnel	\$ 13,703,760	\$ 1,386,606	\$ 15,090,366	\$ 1,589,744	\$ 1,873,386	\$ 3,463,130	\$ 18,553,496
Purchased airtime	3,975,967	-	3,975,967	-	-	-	3,975,967
Ministry grants and national partner development	4,890,470	8,209	4,898,679	11,996	23,709	35,705	4,934,384
General office	1,935,969	228,956	2,164,925	184,981	306,295	491,276	2,656,201
Broadcast operations	1,658,853	16,300	1,675,153	145	32,229	32,374	1,707,527
Travel	837,143	115,020	952,163	49,925	148,977	198,902	1,151,065
Depreciation	899,858	31,099	930,957	30,981	58,539	89,520	1,020,477
Fund development	2,490	122,943	125,433	-	1,560,865	1,560,865	1,686,298
Program production	948,021	2,515	950,536	-	581	581	951,117
Insurance	243,638	827	244,465	431,341	1,189	432,530	676,995
Consulting fees	464,902	8,275	473,177	113,590	23,892	137,482	610,659
Meetings	133,850	17,481	151,331	3,124	27,031	30,155	181,486
Finance	279,348	2,562	281,910	53,130	2,810	55,940	337,850
Missionary ministry funds	90,534	106,417	196,951	4,731	51,666	56,397	253,348
	<u>\$ 30,064,803</u>	<u>\$ 2,047,210</u>	<u>\$ 32,112,013</u>	<u>\$ 2,473,688</u>	<u>\$ 4,111,169</u>	<u>\$ 6,584,857</u>	<u>\$ 38,696,870</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

12. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

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

	Program Services			Supporting Activities			Total
	Media Services	Missions Awareness	Subtotal	Management and General	Fundraising	Subtotal	Expenses
Payroll and personnel	\$ 13,954,407	\$ 1,497,701	\$ 15,452,108	\$ 1,620,596	\$ 1,916,897	\$ 3,537,493	\$ 18,989,601
Purchased airtime	4,628,087	-	4,628,087	-	-	-	4,628,087
Ministry grants and national partner development	6,007,213	4,898	6,012,111	10,692	23,107	33,799	6,045,910
General office	2,004,255	250,999	2,255,254	182,707	353,653	536,360	2,791,614
Broadcast operations	1,811,175	17,414	1,828,589	185	35,005	35,190	1,863,779
Travel	818,368	134,393	952,761	80,133	177,183	257,316	1,210,077
Depreciation	899,841	33,186	933,027	31,926	56,939	88,865	1,021,892
Fund development	-	50,953	50,953	-	1,486,322	1,486,322	1,537,275
Program production	945,251	2,936	948,187	1,222	1,182	2,404	950,591
Insurance	224,907	1,612	226,519	391,644	1,170	392,814	619,333
Consulting fees	320,819	4,009	324,828	110,295	23,154	133,449	458,277
Meetings	194,328	27,826	222,154	8,398	29,595	37,993	260,147
Finance	454,550	4,214	458,764	66,099	5,823	71,922	530,686
Missionary ministry funds	113,362	97,330	210,692	-	47,639	47,639	258,331
	<u>\$ 32,376,563</u>	<u>\$ 2,127,471</u>	<u>\$ 34,504,034</u>	<u>\$ 2,503,897</u>	<u>\$ 4,157,669</u>	<u>\$ 6,661,566</u>	<u>\$ 41,165,600</u>

TRANS WORLD RADIO AND TRANS WORLD RADIO PACIFIC

Notes to Combined Financial Statements

September 30, 2024 and 2023

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.

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 \$293,259 and \$291,373 in matching contributions to the Plan for the years ended September 30, 2024 and 2023, 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	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation, October 1	\$ 1,517,085	\$ 1,734,292	\$ 1,701,834	\$ 2,104,635
Interest cost	64,963	80,556	66,082	98,475
Actuarial gain/(loss)	(108,604)	(48,366)	(201,400)	(319,389)
Benefits paid	(205,296)	(249,397)	(170,853)	(181,887)
Benefit obligation, September 30	<u>\$ 1,268,148</u>	<u>\$ 1,517,085</u>	<u>\$ 1,395,663</u>	<u>\$ 1,701,834</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

14. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Components of net periodic benefit costs for the years ended September 30, 2024 and 2023, are as follows:

	Pension Benefits		Retiree Welfare Benefits	
	2024	2023	2024	2023
Components of net periodic benefit cost:				
Interest cost	\$ 64,963	\$ 80,556	\$ 66,082	\$ 98,475
Amortization of unrecognized net gain	58,243	114,318	(157,305)	(28,216)
Net periodic pension cost	<u>\$ 123,206</u>	<u>\$ 194,874</u>	<u>\$ (91,223)</u>	<u>\$ 70,259</u>

Weighted-average assumptions and method disclosures as of September 30, 2024 and 2023, include:

	Pension Benefits		Retiree Welfare Benefits	
	2024	2023	2024	2023
Discount rate	5.42%	5.42%	5.44%	5.44%
Average life expectancy of participants	8 years	8 years	8 years	8 years

Furthermore, for purposes of calculating the benefit obligation for the post-retirement other benefit component, TWR assumed an initial 6.5% and 9.5% health care cost trend for participants for the years ended September 30, 2024 and 2023, respectively.

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

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,	
	2024	2023
Employee benefit obligation (including pension and retiree welfare benefits)	\$ 2,663,811	\$ 3,218,919
Less current portion	<u>(662,797)</u>	<u>(551,089)</u>
Employee benefit obligation—net of current portion	<u>\$ 2,001,014</u>	<u>\$ 2,667,830</u>

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

<u>Years Ending September 30,</u>	<u>Pension Benefits</u>	<u>Retiree Welfare Benefits</u>
2025	\$ 299,168	\$ 363,629
2026	175,398	152,729
2027	160,064	142,491
2028	144,803	131,662
2029	129,615	120,242
Thereafter	<u>359,100</u>	<u>484,910</u>
	<u>\$ 1,268,148</u>	<u>\$ 1,395,663</u>

15. CONCENTRATIONS:

Three broadcasters represent approximately 44% of total broadcast revenue for the year ended September 30, 2024, and approximately 53% of total broadcast revenue for the year ended September 30, 2023. 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.

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

16. RELATED PARTY TRANSACTIONS:

Support and revenue provided by affiliated organizations (as described in Note 1) approximated \$2,399,000 and \$2,674,000 plus approximately \$916,000 and \$945,000 in contributed services for the years ended September 30, 2024 and 2023, respectively.

Grants to affiliated organizations and payments for services rendered and for other development costs totaled \$4,938,646 and \$6,048,394 for the years ended September 30, 2024 and 2023, 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, 2024 and 2023:

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

17. FAIR VALUE MEASUREMENTS, continued:

		September 30, 2024		
		Fair Value Measurements Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Exchanged traded funds:				
International	\$ 266,893	\$ 266,893	\$ -	\$ -
Bond	491,509	491,509	-	-
Large cap	3,324,014	3,324,014	-	-
Small cap	149,871	149,871	-	-
REITs	117,229	117,229	-	-
Other	25,312	25,312	-	-
Fixed income securities:				
Bond	1,998,852	1,998,852	-	-
Municipal	18,475	-	18,475	-
U.S. Treasuries	11,460,740	11,460,740	-	-
Mortgage-backed securities:				
Intermediate bond	34,931	34,931	-	-
Short bond	20,238	20,238	-	-
Long bond	809,104	809,104	-	-
Mutual funds:				
International	2,258,509	2,258,509	-	-
Intermediate bond	1,370,962	1,370,962	-	-
Small cap	855,692	855,692	-	-
REITs	577,038	577,038	-	-
Other	332,358	332,358	-	-
Total investments, at fair value	<u>\$ 24,111,727</u>	<u>\$ 24,093,252</u>	<u>\$ 18,475</u>	<u>\$ -</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

17. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2024		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
Cash and cash equivalents	\$ 67,201	\$ 67,201	\$ -	\$ -
Exchange traded funds:				
Bond	87,961	87,961	-	-
Large cap	703,499	703,499	-	-
Small cap	1,423	1,423	-	-
Other	7,673	7,673	-	-
Mutual funds:				
International	533,221	533,221	-	-
Intermediate bond	902,426	902,426	-	-
Small cap	211,089	211,089	-	-
REITs	145,439	145,439	-	-
Total trust assets, at fair value	<u>\$ 2,659,932</u>	<u>\$ 2,659,932</u>	<u>\$ -</u>	<u>\$ -</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

17. FAIR VALUE MEASUREMENTS, continued:

		September 30, 2024		
		Fair Value Measurements Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets, at fair value:				
Cash and cash equivalents	\$ 175,781	\$ 38,997	\$ -	\$ 136,784
Corporate stock	180,360	180,360	-	-
Exchange traded funds:				
US large cap	1,376,055	-	-	1,376,055
US mid cap	736,764	-	-	736,764
US small cap	462,813	-	-	462,813
International developed	486,465	-	-	486,465
Emerging markets	378,560	-	-	378,560
Mutual funds:				
Large cap	38,514	38,514	-	-
Small cap	25,035	25,035	-	-
International	61,302	61,302	-	-
REIT	18,941	18,941	-	-
Bond	59,177	59,177	-	-
Fixed income bonds:				
Investment grade taxable	383,447	-	-	383,447
International developed	49,570	-	-	49,570
Global high yield taxable	39,696	-	-	39,696
Fixed income other	-	-	-	-
Other:				
Hedge funds	970,514	-	-	970,514
Private equity fund	69,751	-	-	69,751
Commodities	114,178	-	-	114,178
Total assets held in perpetual trust and endowment assets, at fair value	<u>\$ 5,626,923</u>	<u>\$ 422,326</u>	<u>\$ -</u>	<u>\$ 5,204,597</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

17. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2023		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Exchange 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	465,425	465,425	-	-
Other	303,300	303,300	-	-
Total investments at fair value	<u>\$ 20,627,579</u>	<u>\$ 20,622,729</u>	<u>\$ 4,850</u>	<u>\$ -</u>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

17. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2023		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
Cash and cash equivalents	\$ 59,569	\$ 59,569	\$ -	\$ -
Exchanged 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>

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

Notes to Combined Financial Statements

September 30, 2024 and 2023

17. FAIR VALUE MEASUREMENTS, continued:

		September 30, 2023		
		Fair Value Measurements Using		
	Total	(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, 2024 and 2023

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,	
	2024	2023
Beginning balance:	\$ 4,518,053	\$ 4,356,553
Contributions of beneficial interests	-	-
Distributions of beneficial interests	-	-
Change in value of beneficial interest in trusts held by others	686,544	161,500
Ending balance	<u>\$ 5,204,597</u>	<u>\$ 4,518,053</u>

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 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 13, 2025, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.