

**ATLANTIC GATEWAY
COMMUNICATIONS, INC.**

Independent Auditors' Report

**Financial Statements
For the Period Ended December 31, 2025**

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expense	5
Statements of Cash Flows	6
Notes to Financial Statements	7-18



KBBA

Kochenower Blake
Blake Arango & Co., PA

Ben D. Kochenower, CPA, CVA, CICA, CGMA • Timothy S. Blake, CPA/PFS • Brandon A. Blake, CPA • Laura S. Arango, CPA

Independent Auditor's Report

To the Board of Directors
Atlantic Gateway Communications, Inc.
Rockville, Maryland

Opinion

We have audited the accompanying financial statements of Atlantic Gateway Communications, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlantic Gateway Communications, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Atlantic Gateway Communications, Inc. 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 Financial Statements

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

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

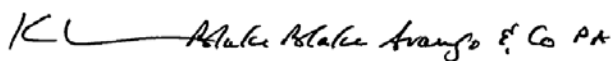
Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

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



August 5, 2026
Gaffney, SC

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Statement of Financial Position

As of December 31, 2025

ASSETS

Current Assets

Cash	\$ 2,807,082
Investments	5,608,095
Pledges and Accounts Receivable, Net	55,739
Prepaid Expense	187,320
	<u>8,658,236</u>

Property, Plant and Equipment, Net	<u>7,284,784</u>
------------------------------------	------------------

Non-Current Assets

Goodwill	5,938,928
Deposits	110,517
	<u>6,049,445</u>

Total Assets	<u><u>21,992,465</u></u>
--------------	--------------------------

LIABILITIES

Current Liabilities

Accounts Payable	382,469
Current Portion of Long-Term Note Payable	246,279
Current Portion of Long-Term Lease Liabilities	584,659
	<u>1,213,407</u>

Long-Term Debt

Long-Term Portion of Note Payable	8,321,570
Long-Term Portion of Lease Liabilities	5,078,909
	<u>13,400,479</u>

Total Liabilities	<u>14,613,886</u>
-------------------	-------------------

NET ASSETS

Without Donor Restrictions

Designated	3,137,202
Undesignated	4,241,377
	<u>7,378,579</u>

Total Liabilities and Net Assets	<u><u>\$ 21,992,465</u></u>
----------------------------------	-----------------------------

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

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Statement of Activities

For the Period Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Support			
Listener Contributions	\$ 7,447,406	-	7,447,406
Underwriting	254,778	-	254,778
Interest Income	387,266	-	387,266
Other Income	147,958	-	147,958
Total Revenues and Gains	<u>8,237,408</u>	<u>-</u>	<u>8,237,408</u>
EXPENSES AND LOSSES			
Program Service Expenses			
Programming, Production & Information	<u>6,191,543</u>	<u>-</u>	<u>6,191,543</u>
Supporting Service Expenses			
Management & General	1,520,243	-	1,520,243
Fundraising	<u>1,085,726</u>	<u>-</u>	<u>1,085,726</u>
	<u>2,605,969</u>	<u>-</u>	<u>2,605,969</u>
Total Expenses and Losses	<u>8,797,512</u>	<u>-</u>	<u>8,797,512</u>
Increase (Decrease) in Net Assets	(560,104)	-	(560,104)
Net Assets, Beginning of Year	<u>7,938,683</u>	<u>-</u>	<u>7,938,683</u>
Net Assets, End of Year	<u>\$ 7,378,579</u>	<u>-</u>	<u>7,378,579</u>

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

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Statement of Functional Expense
For the Year Ended December 31, 2025

	Program Service	Supporting Services			
	Programing Production & Information	Management and General	Fundraising	Total Supporting Services	Total
Salaries and Wages	\$ 1,812,163	683,124	298,674	981,798	2,793,961
Employee Benefits	954,921	242,501	152,232	394,733	1,349,654
General Supplies and Expense	144,770	1,820	7,098	8,918	153,688
Duplicating	19,007	-	93,943	93,943	112,950
Rent & Storage	19,956	-	-	-	19,956
Tower Rental	58,800	-	-	-	58,800
Utilities	38,746	14,306	6,557	20,863	59,609
Common Area Maintenance	35,042	12,939	5,930	18,869	53,911
Property Taxes	7,363	2,719	1,246	3,965	11,328
Equipment/Furniture Supplies	23,046	-	-	-	23,046
Software	137,843	-	1,083	1,083	138,926
Membership & Dues	19,529	4,999	2,351	7,350	26,879
Subscriptions	89,407	180	-	180	89,587
License Fee	59,776	-	-	-	59,776
Fiscal Charges / Credit Card Processing	204,362	-	-	-	204,362
Interest	432,006	154,156	70,654	224,810	656,816
Bad Debt Expense	29,892	-	-	-	29,892
Conferences, Conventions and Meetings	25,006	317	397	714	25,720
Honorariums	41,000	-	-	-	41,000
Events and Activities	5,117	-	6,536	6,536	11,653
Miscellaneous	-	1,250	-	1,250	1,250
Contract Services - General	583,552	28,836	32,485	61,321	644,873
Consultants	40,225	-	177,600	177,600	217,825
Layout & Design	16,397	-	4,500	4,500	20,897
Research	108,300	-	-	-	108,300
Professional Fees	-	136,885	-	136,885	136,885
Telephone - Internet T1's	83,214	-	-	-	83,214
Travel	19,292	1,685	7,092	8,777	28,069
Conventions	3,438	-	575	575	4,013
Travel 2 (Non Staff)	64,753	-	27,304	27,304	92,057
Vehicle Gas and Maintenance	20,768	-	-	-	20,768
Insurance	70,310	25,271	11,923	37,194	107,504
Advertising	289,974	-	-	-	289,974
Postage & Mailing	28,901	-	81,637	81,637	110,538
Depreciation & Amortization	704,667	209,255	95,909	305,164	1,009,831
	<u>\$ 6,191,543</u>	<u>1,520,243</u>	<u>1,085,726</u>	<u>2,605,969</u>	<u>8,797,512</u>

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

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Statement of Cash Flows
For the Period Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Listener Contributions	\$ 7,453,453
Cash Received from Underwriting	254,778
Cash Received from Investment Earnings	387,266
Cash Received from Other Sources	147,958
Cash Paid to Vendors and Employees	(6,791,046)
Interest Paid	(656,816)
Net Cash Provided by Operating Activities	<u>795,593</u>

INVESTING ACTIVITIES

Purchases of Investments - CD	(347,454)
Purchases of Capital Assets	(244,829)
	<u>(592,283)</u>

FINANCING ACTIVITIES

Principal Paid on Long-Term Debt	(219,216)
Principal Paid on Lease Obligations	(422,522)
	<u>(641,738)</u>

Increase (Decrease) in Cash and Cash Equivalents	(438,428)
Cash and Cash Equivalents, Beginning of Year	<u>3,245,510</u>
Cash and Cash Equivalents, End of Year	<u><u>2,807,082</u></u>

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

Change in Net Assets	(560,104)
Adjustments to Reconcile Change in Net Assets to Net Assets Used by Operating Activities:	
Depreciation Expense	364,984
Amortization Expense	654,890
(Increase) Decrease in Receivables	6,047
(Increase) Decrease in Prepaid Expense	(41,444)
Increase (Decrease) in Accounts Payable	371,220
Net Cash Provided by Operating Activities	<u><u>\$ 795,593</u></u>

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

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements
For the Period Ended December 31, 2025

NOTE 1 - ORGANIZATION DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description

Atlantic Gateway Communications, Inc. (Organization) is a not-for-profit corporation, which owns and operates two non-commercial radio stations, and broadcasts from 2099 Gaither Road, Rockville, Maryland. The Organization began operations in 2018, with the mission to encourage everyone we encounter to take one step closer to Christ. Over 500,000 weekly listeners depend on the powerful FM radio signals of WGTS 91.9 across the entire Washington DC metro region from Frederick, Maryland to Fredericksburg, Virginia and of WGBZ 88.3 along the Eastern Shore. As the primary media ministries of Atlantic Gateway Communications, Inc. a non-profit 501(c)3 organization, the award-winning radio stations are funded by tax-deductible donations mainly from individuals. This allows the ministry to be a constant destination of hope and encouragement on-air, online, and on the ground.

The Organization receives most of its revenue in the form of contributions from listeners residing in its broadcast area.

The Organization is exempt from Federal, State and Local income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding sections of applicable state and local codes; except for taxes on Unrelated Business Income as described in Sections 511-514 of the Internal Revenue Code.

Summary of Significant Accounting Policies

- (a) The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification.

The significant policies are described below to enhance the usefulness of the financial statements.

- (b) Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

The part of net assets that is not subject to donor-imposed restrictions.

Board Designated Net Assets

Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. The Organization has net assets designated in this manner for operating reserves and depreciation funding at December 31, 2025.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements
For the Period Ended December 31, 2025

NOTE 1 - ORGANIZATION DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summary of Significant Accounting Policies, Continued

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds.

Donor Restricted Endowment Fund

An endowment fund that is created by a donor stipulation requiring investments of a gift in perpetuity or for a specified term. Some donors or laws may require that a portion of income, gains, or both be added to the gift and invested subject to similar restrictions. The Organization does not have this type of net asset at December 31, 2025.

Donor-Restricted Support

Donor-restricted revenues or gains from contributions that increase net assets with donor restrictions (donors include other types of contributors, including makers of certain grants).

(c) Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are otherwise restricted by the donor for specific purposes are reported as support with donor restrictions that increases the net asset class. It is the policy of the Organization to first spend net assets with donor restrictions, as appropriate.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports gifts 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 or 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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. It is the Organization's policy to apply and spend restricted resources first, to the extent applicable, before spending unrestricted resources. The Organization does not have time restricted donations or restricted funds.

(d) Property, Plant and Equipment and Accumulated Depreciation

Fixed assets are recorded at cost when purchased or at fair market value at date of gift. All equipment costing \$2,500 or more with a life of at least three years is capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense is included in operating expense reported by various program and supporting services in the statement of activities without donor restrictions.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 1 - ORGANIZATION DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summary of Significant Accounting Policies, Continued

(e) Cash and Cash Equivalents

Cash equivalents are highly-liquid assets, which are readily convertible to cash and have an original maturity date of less than three months.

(f) Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures regarding the fair value measurements of certain financial instruments. ASC 820 addresses acceptable valuation techniques and establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.
- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable (for example, interest rates); and inputs that are derived from or corroborated by observable market data.
- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

ASC 820 expands disclosures about fair value measurements for certain financial assets and liabilities.

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The carrying amounts of cash, investments, receivables and accounts payable approximate fair value because of the relatively short maturity of these financial instruments, or otherwise they have been discounted or adjusted appropriately to present fair value. Cash, receivables and accounts payable are measured at Level 2. The fair value of long-term debt is based on quoted market prices for the same or similar issues or on the current rates offered to the Organization for debt of the same remaining maturities. Investments and money market are measured at Level 1.

(g) Current Assets and Liabilities

Assets and liabilities are classified as current or long-term depending on their characteristics. This excludes from current assets cash and claims to cash that are restricted to use for other than current operations, committee allocated for the acquisition or construction of plant assets or for the liquidation of debt or held as agent for others. This excludes from current liabilities the long-term portion of all debt, payable within the next fiscal year to the extent covered by designated liquid assets or amounts held as fiscal agent for others.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 1 - ORGANIZATION DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summary of Significant Accounting Policies, Continued

(h) Fundraising Costs

The costs of fundraising activities are reported in the supporting service functional category and do not include management and general or other program costs of the Organization. The costs of incidental fundraising activities conducted in conjunction with other program activities are not separately reported. Incidental fundraising costs are included in the related program expenditures of the appropriate functional category.

Total fundraising expense for the year ended December 31, 2025 amounted to \$1,085,726. Fundraising expenses related to the annual campaign and various other campaigns during the year constitute the majority of the total expense. The ratio of expenses to amounts raised has not been determined.

(i) Use of Estimates

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

(j) Compensated Absences

There is no material cash value that attaches to unused vacation, holiday and sick time and therefore, there is no accrual made in these financial statements for such absences.

(k) Advertising Costs

Costs incurred for producing and communicating advertising and promotion are expensed when incurred, which is generally when the advertising and promotion first take place. Advertising and promotion expenses for the year ended December 31, 2025 was \$289,974.

(l) Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management in an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Employee Benefits	Time and Effort
Insurance	Time and Effort
Payroll Tax Expense	Time and Effort
Rent Expense	Square Footage
Repairs and Maintenance	Time and Effort
Salaries and Wages	Time and Effort
Utilities	Time and Effort

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 1 - ORGANIZATION DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summary of Significant Accounting Policies, Continued

(m) Revenue Recognition

The FASB issued ASU 2014-09 Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Listener support for Underwriting is deemed to result in performance obligations and is treated as a contract in the radio station's financial statements. Underwriting revenue is recognized in the fiscal year in which programming is aired. As of the fiscal year end all such revenue was considered as earned, as no material amounts were unearned or deferred.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents at year end consist of the following:

	Carrying Amount	Bank Balance
Petty Cash on Hand	\$ 500	-
Checking	1,270,569	740,733
Savings, Interest Bearing	894,284	894,284
Columbia Union Revolving Fund	641,729	641,729
Total Cash	<u>\$ 2,807,082</u>	<u>2,276,746</u>

The Organization maintains cash balances at two separate banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC), which covers the aggregate balance insured up to at least the Standard Maximum Deposit Insurance Amount (SMDIA) of \$250,000, per depositor, at each separately chartered Insured Depository Institution (IDI). Cash balances exceeded the federally insured limits at year-end (\$1,385,017). The Columbia Union Revolving Fund cash, a non-certificated note that bears interest at 3.5% per annum and due 90 days from demand, is considered to be a cash equivalent, and is uninsured and uncollateralized.

NOTE 3 - INVESTMENTS

The following is a summary of investments at December 31, 2025:

Marketable Securities	\$ 13,007
Certificate of Deposit	5,595,088
	<u>\$ 5,608,095</u>

As of December 31, 2025, all investments were considered level 1 investments.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 4 - ACCOUNTS RECEIVABLE

Pledges receivable are related primarily to fundraisers that are held by the Organization at various times throughout the year. As a general rule, an account will be considered uncollectible after 14 months from the time of the pledge is made or the time of the first billing. At 14 months, the receivable will be written off. The full amount of \$22,915 reduced by an allowance for uncollectible amounts is expected to be collected during the next year. They have not been discounted to present value due to their current status. The receivable details are as follows:

Pledges Receivable	\$ 22,915
Less: Allowance for Uncollectible Pledges	<u>(15,484)</u>
Net Receivable Pledges	7,431
Underwriting and Other Receivables (Net)	<u>48,308</u>
Total Accounts Receivable	<u><u>\$ 55,739</u></u>
Total Future Payments:	
2026	\$ 55,739
2027	-
2028	-
2029	-
2030	-
Total	<u><u>\$ 55,739</u></u>

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

	Balance 12/31/2024	Reclassification	Additions	Retirements	12/31/2025
Leasehold Improvements - Build Out	\$ 1,593,368	(71,452)	-	-	1,521,916
Equipment	1,813,880	85,351	34,265	2,660	1,930,836
Tower	537,973	(13,899)	-	-	524,074
Vehicles	112,530	-	59,927	-	172,457
Lease Assets					
Building Facility	6,636,860	-	-	-	6,636,860
Tower	534,064	-	-	-	534,064
Kenwood Tower	-	-	150,637	-	150,637
	<u>\$ 11,228,675</u>	<u>-</u>	<u>244,829</u>	<u>2,660</u>	<u>11,470,844</u>
Accumulated Depreciation/Amortization					
Leasehold Improvements - Build Out	\$ 476,076	5,235	106,160	-	587,471
Equipment	1,266,093	2,880	143,101	(2,660)	1,409,414
Tower	138,709	(5,096)	59,689	-	193,302
Vehicles	89,293	(3,019)	15,864	-	102,138
Lease Assets					
Building Facility	1,094,925	-	615,771	-	1,710,696
Tower	103,750	-	39,119	-	142,869
Kenwood Tower	-	-	40,170	-	40,170
Total Accumulated Depreciation/Amortization	<u>3,168,846</u>	<u>-</u>	<u>1,019,874</u>	<u>(2,660)</u>	<u>4,186,060</u>
	<u><u>\$ 8,059,829</u></u>	<u><u>-</u></u>	<u><u>(775,045)</u></u>	<u><u>-</u></u>	<u><u>7,284,784</u></u>

Depreciation expense amounted to \$324,814 and amortization expense amounted to \$695,060 for the current fiscal period.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 7 - GOODWILL

The amount that was paid for the assets and rights together with related payables and other obligations of two separate radio broadcast stations, (Columbia Union College Broadcasting, Inc. and American University d/b/a WAMU 88.5 FM), otherwise the purchase consideration, in excess of the net value of those assets, is the worth of goodwill, which is recorded in the books and reflected in these financial statements as such. Management evaluates goodwill each year for impairment. Impairment exists when a company's carrying value of goodwill exceeds its fair value. At December 31, 2025, the Company had positive equity, and the Company elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the Company exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the Company exceeded its carrying value, resulting in no impairment. Therefore, as of the date of issuance of this report, no issues or events have come to the attention of management that would suggest that there has been any significant impairment, and has left goodwill at the original value of \$5,938,928.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of a note payable to the Columbia Union revolving Fund. This note originated with the purchase of the net assets and operation of the radio station WGTS / Columbia Union College Broadcasting, Inc. Subsequently, the Company negotiated a shorter term of twenty years, and the interest rate was increased, effective January 1, 2024, to 5.5% per annum, as reflected in the following schedule.

Future payments of principal and interest on this loan are as follows:

December 31, 2025	Note Principal	Note Interest	Total
2026	\$ 246,279	465,085	711,364
2027	260,171	451,193	711,364
2028	274,847	436,517	711,364
2029	290,350	421,014	711,364
2030	306,728	404,636	711,364
2031-2035	1,813,536	1,743,285	3,556,821
2036-2040	2,386,075	1,170,745	3,556,820
2041-2045	2,989,863	417,872	3,407,735
	<u>\$ 8,567,849</u>	<u>5,510,347</u>	<u>14,078,196</u>

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 9 - LEASES

Office Space – On November 1, 2018, the Organization entered into a facilities lease agreement for station operations and broadcast studios. This lease was for an initial term of one hundred thirty months beginning in May, 2020, for an initial monthly rental of \$31,406.67 and increasing each year at 2.5% compounded. The rental payments began July, 2020, and effective January 1, 2022 this lease arrangement was transitioned to a lease under ASC 842. Subsequently the company negotiated a lease extension, adding additional space to accommodate future expansion. This new lease was capitalized under FASB ASC 842 resulting in an addition to the lease asset and lease liability of \$3,281,988. The lease asset is being amortized over ten years on a straight-line basis, and the new lease liability is being amortized at 2.5% imputed interest per annum through December, 2033. Total payments under this lease for the current year were \$643,000.

Tower Use Sublease

With the purchase of a new radio station, the company obtained the rights and obligations under a Tower Use Sublease, and beginning with the second year of a five-year renewal term ending June, 2025, pays monthly rental to American Tower. The Sublease agreement provides for two additional renewal terms of five years each, with a 3% increase each January over the previous calendar year. These payments began July, 2021, and effective January 1, 2022 this lease arrangement was transitioned to a lease under ASC 842. Total payments under this lease for the current year were \$40,922.

The Company has entered into a Tower Site lease agreement with Kenwood Golf and Country Club, Inc. for the housing and operation of FM broadcast equipment including broadcast and transmission equipment and related towers and antennas. The lease is for a five year period with monthly payments of \$2,700, providing for periodic escalations, and three additional five year options. The lease asset is being amortized over five years on a straight-line basis, and the lease liability is being amortized at 3% imputed interest per annum through March, 2029. Total payments under this lease for the current year were \$32,400.

The cost of these leased assets and the accumulated amortization at December 31, 2025 are as follows:

	Building	Tower	Kenwood Tower	Total
Cost of Leased Asset	\$ 6,636,860	534,064	150,637	7,321,561
Accumulated Amortization	1,710,696	142,869	40,170	1,893,735
Net	<u>\$ 4,926,164</u>	<u>391,195</u>	<u>110,467</u>	<u>5,427,826</u>

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 9 – LEASES, Continued

The future minimum payments to be paid are as follows:

<u>Year Ended December 31</u>	<u>Building Lease</u>	<u>Tower Lease</u>	<u>Kenwood Tower Lease</u>	<u>Total</u>
2026	\$ 659,065	42,150	32,400	733,615
2027	675,545	43,415	32,400	751,360
2028	692,393	44,717	32,400	769,510
2029	709,709	46,059	8,100	763,868
2030	727,527	47,440	-	774,967
2031	745,732	48,863	-	794,595
2032	764,325	50,329	-	814,654
2033	783,388	51,839	-	835,227
2034	-	53,394	-	53,394
2035	-	54,997	-	54,997
Total Minimum Payments	5,757,684	483,203	105,300	6,346,187
Less: Amount Representing Interest	(618,840)	(58,689)	5,090	(672,439)
Present Value of Net Minimum Lease Payment	<u>5,138,844</u>	<u>424,514</u>	<u>100,210</u>	<u>5,663,568</u>
Current Portion	<u>522,961</u>	<u>31,897</u>	<u>29,801</u>	<u>584,659</u>
Long-Term Portion	<u>\$ 4,615,883</u>	<u>392,617</u>	<u>70,409</u>	<u>5,078,909</u>

The conversion of these leases from expensing the lease payments to capitalizing them under ASC 842 provisions has the effect that more expense is recognized in the earlier years of the lease but less in the later years, because depreciation of the lease assets is on a straight line basis and debt principal is amortized on the effective interest method, as shown below for the current year and the next five years:

<u>Fiscal Year</u>	<u>Total Lease Payments</u>	<u>Interest</u>	<u>Principal</u>	<u>Depreciation</u>	<u>Difference in Principal and Depreciation</u>
2025	\$ 716,322	164,668	551,654	683,811	(132,157)
2026	733,615	148,956	584,659	688,879	(104,220)
2027	751,360	132,313	619,047	688,879	(69,832)
2028	769,510	114,702	654,808	688,879	(34,071)
2029	763,868	96,328	667,540	663,386	4,154
2030	774,967	77,609	697,358	654,889	42,469

During the current year this difference amounted to \$132,157 more expense recognized as depreciation exceeded debt principal reduction by that amount. In calendar year 2029 depreciation will approximate debt principal reduction, within \$4,154, and going forward from that point debt principal reduction will be greater than depreciation expense.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 9 – LEASES, Continued

Other leasing arrangements that have not been capitalized under ASC 842 because they either did not meet the requirements or were otherwise considered to be not material, are as follows:

Copier Equipment – The Organization has been leasing copier equipment under an agreement that provided for monthly payments of \$450.62. The lease was for 60 months and ended August 20, 2024. The new arrangement is for \$580.35 per month, on a month to month basis, cancellable by either party with reasonable notice. Total payments made during the year under these two arrangements totalled \$6,058.

GWETA Antenna - The Organization is the lessee of an antenna located on a tower owned by GWETA-FM, Washington, DC. The rights and obligations under this lease were acquired with the asset purchase. The original term of the lease was 15 years commencing May 20, 2002 and was renewable and renewed for one additional term of five years. An Addendum to the lease agreement became effective on April 1, 2007 with an amended date of February 1, 2004. Rent during the renewed term is \$4,900 per month. As of December 2023 this arrangement has expired and the Organization is continuing to pay the \$4,900 per month until a new and anticipated agreement can be reached. Future minimum lease payments under this lease have not been determined. A total amount of \$58,800 was paid to GWETA FM during the year for this arrangement.

The GWETA Antenna lease agreement described above permitted GWETA to make their antenna available to third parties for the transmission operations of additional television or radio broadcasts not licensed to GWETA or the Organization. In the event a third party would operate an FM station that also uses the antenna and associated transmission equipment, GWETA would reimburse the Organization one third of the expenses and would also contribute an additional one third of the costs of operating and maintaining the antenna and associated equipment. This provision has expired with the lease and is expected to be included in the new lease agreement.

NOTE 10 - CONCENTRATIONS

The Organization is licensed to broadcast by the Federal Communications Commission (FCC). This license is subject to periodic review and renewal by the FCC.

ATLANTIC GATEWAY COMMUNICATIONS, INC.

Notes To The Financial Statements, Continued

For the Period Ended December 31, 2025

NOTE 11 - WORKING CAPITAL AND LIQUIDITY

WORKING CAPITAL	
Current Assets	\$ 8,658,236
Less: Current Liabilities	<u>1,213,407</u>
Working Capital	<u><u>7,444,829</u></u>
LIQUIDITY	
Liquid Assets	
Cash	2,807,082
Investments	<u>5,608,095</u>
Total Liquid Assets	8,415,177
Commitments	
Current Liabilities	<u>1,213,407</u>
Liquid Assets Excess	<u><u>\$ 7,201,770</u></u>

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenses over the next 12 months, the Organization operates under a general budget plan and anticipates collecting sufficient revenue to cover general expenses.

NOTE 12 - MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of these estimates include depreciation allowance and expense, and bad debt allowance and expense.

NOTE 13 - CONTINGENT LIABILITIES

Due to the nature of the Organization's normal activities, it is routinely subject to a variety of claims and demands by various individuals and entities. Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. Loss contingencies may be the result of litigation, claims, audit disallowances, threatened property loss, or uncollectible receivables. Such situations are loss contingencies if the related liability has not been recorded, yet a loss is reasonable possible. Guarantees of other's debts are loss contingencies, however, even if the probability of loss is remote. The Organization maintains insurance against certain loss contingencies with liability policies and physical damage coverage. At the date of this report, management is not aware of any contingencies that will result in any material loss to the Organization.

ATLANTIC GATEWAY COMMUNICATIONS, INC.
Notes To The Financial Statements, Continued
For the Period Ended December 31, 2025

NOTE 14 - DONATED SERVICES

The fair value of donated services for the period ended December 31, 2025 has not been quantified or determined, and is not considered to be material in amount.

NOTE 15 – TAX EXEMPT STATUS

The Organization received tax exempt status from the Internal Revenue Service in a letter dated December 11, 2019, and retroactive to its formation February 14, 2018.

NOTE 16 – INCOME TAXES

The Organization is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code which has also been adopted by the State.

The Organization adopted the accounting guidance concerning accounting for uncertain tax positions. The Organization has no uncertain tax positions for which reserves would be required.

The Organization files IRS form 990 information returns in the United States.

NOTE 17 – NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

The Organization's governing Board has adopted policies to set aside and "designate" portions of its cash and net assets as operating reserves and the funding of depreciation. At year end, December 31, 2025, the following amounts were designated for the following purposes:

Operations	\$ 2,255,000
Depreciation Funding	<u>882,202</u>
	<u><u>\$ 3,137,202</u></u>

NOTE 18 – EVALUATIONS OF SUBSEQUENT EVENTS

Management has, through August 5, 2026, the date of issuance of the financial statements, evaluated whether events have occurred or circumstances exist subsequent to the date of the financial statement, December 31, 2025, that would have materially significant effect on the carrying amounts of assets or liabilities, including estimates, and no such items have been identified.