

Financial Statements  
June 30, 2025 and 2024  
**Spokane Public Radio, Inc.**

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Financial Statements

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## **Independent Auditor's Report**

To the Board of Directors  
Spokane Public Radio, Inc.  
Spokane, Washington

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Spokane Public Radio, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Spokane Public Radio, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Spokane Public Radio, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Spokane Public Radio, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities of the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spokane Public Radio, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spokane Public Radio, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Spokane, Washington  
December 29, 2025

Spokane Public Radio, Inc.  
Statements of Financial Position  
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 410,079	\$ 158,455
Certificate of deposit	10,989	10,638
Subscription and membership promises to give, net	43,176	45,886
Underwriting receivables	56,992	47,891
Prepaid expenses	15,432	16,709
Beneficial interest in assets held by community foundation	140,848	165,686
Property and equipment, net	3,895,457	4,056,095
Cash surrender value of life insurance policy	27,693	27,693
Operating lease right-of-use asset	236,963	250,535
	<u>\$ 4,837,629</u>	<u>\$ 4,779,588</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 4,523	\$ 5,087
Accrued expenses	71,944	83,004
Deferred revenue	18,143	29,632
Line of credit	50,599	5,295
Operating lease liability	250,847	259,581
Notes payable	294,951	362,053
Total liabilities	<u>691,007</u>	<u>744,652</u>
<b>Net Assets</b>		
Without donor restrictions	3,311,986	3,245,174
With donor restrictions	834,636	789,762
Total net assets	<u>4,146,622</u>	<u>4,034,936</u>
	<u>\$ 4,837,629</u>	<u>\$ 4,779,588</u>

Spokane Public Radio, Inc.  
Statement of Activities  
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Corporation for Public Broadcasting			
Community Service Grant (CSG)	\$ 284,050	\$ -	\$ 284,050
State grants	46,100	60,546	106,646
Total grants	330,150	60,546	390,696
Gross special events revenue	49,765	-	49,765
Less cost of direct benefits to donors	(10,091)	-	(10,091)
Net special events revenue	39,674	-	39,674
Subscriptions and memberships	1,111,890	19,994	1,131,884
Underwriting and sponsorships	375,816	-	375,816
Contributions	179,333	-	179,333
In-kind contributions	82,549	-	82,549
Other income	3,190	-	3,190
Gain on sale of assets	115,797	-	115,797
Change in value from beneficial interest	12,385	-	12,385
Net assets released from restrictions	35,666	(35,666)	-
Total revenue, support, and gains	2,286,450	44,874	2,331,324
Expenses and Losses			
Program services expense			
Programming, public relations, and program guide	1,177,166	-	1,177,166
Engineering and equipment	319,397	-	319,397
Total program expenses	1,496,563	-	1,496,563
Supporting services expense			
Management and general	420,014	-	420,014
Fundraising and membership development	288,305	-	288,305
Total supporting services expenses	708,319	-	708,319
Total expenses	2,204,882	-	2,204,882
Loss on uncollectable promises to give	14,756	-	14,756
Total expenses and losses	2,219,638	-	2,219,638
Change in Net Assets	66,812	44,874	111,686
Net Assets, Beginning of Year	3,245,174	789,762	4,034,936
Net Assets, End of Year	\$ 3,311,986	\$ 834,636	\$ 4,146,622

Spokane Public Radio, Inc.

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Corporation for Public Broadcasting			
Community Service Grant (CSG)	\$ 219,280	\$ -	\$ 219,280
State grants	-	73,301	73,301
Foundation grants	30,000	-	30,000
Total grants	249,280	73,301	322,581
Gross special events revenue	50,874	-	50,874
Less cost of direct benefits to donors	(9,905)	-	(9,905)
Net special events revenue	40,969	-	40,969
Subscriptions and memberships	1,049,204	13,373	1,062,577
Underwriting and sponsorships	364,648	-	364,648
Contributions	8,866	-	8,866
In-kind contributions	93,811	-	93,811
Other income	9,173	-	9,173
Change in value from beneficial interest	19,068	-	19,068
Net assets released from restrictions	24,074	(24,074)	-
Total revenue, support, and gains	1,859,093	62,600	1,921,693
Expenses and Losses			
Program services expense			
Programming, public relations, and program guide	1,151,612	-	1,151,612
Engineering and equipment	295,573	-	295,573
Total program expenses	1,447,185	-	1,447,185
Supporting services expense			
Management and general	463,414	-	463,414
Fundraising and membership development	265,080	-	265,080
Total supporting services expenses	728,494	-	728,494
Total expenses	2,175,679	-	2,175,679
Loss on uncollectable promises to give	23,199	-	23,199
Total expenses and losses	2,198,878	-	2,198,878
Change in Net Assets	(339,785)	62,600	(277,185)
Net Assets, Beginning of Year	3,584,959	727,162	4,312,121
Net Assets, End of Year	\$ 3,245,174	\$ 789,762	\$ 4,034,936

See Notes to Financial Statements

Spokane Public Radio, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2025

	Program Services				Fundraising and	
	Programming, Public Relations and Program Guide	Engineering and Equipment	Total	Management and General	Membership Development	Total
Payroll and Employee Benefits	\$ 440,733	\$ 79,591	\$ 520,324	\$ 265,633	\$ 208,925	\$ 994,882
Professional Services	107,934	10,045	117,979	103,942	39,607	261,528
Supplies and Postage	7,297	6,238	13,535	5,558	1,083	20,176
Utilities and Telephone	31,716	64,888	96,604	6,218	6,218	109,040
Rental Space	13,529	35,400	48,929	728	4,353	54,010
Repairs and Maintenance	13,179	36,686	49,865	9,013	2,546	61,424
Network Programming Fees	440,546	-	440,546	-	-	440,546
Marketing and Development	16,333	2,025	18,358	8,167	6,772	33,297
Insurance	20,751	6,050	26,801	1,183	1,183	29,167
Bank Fees	-	-	-	4,501	378	4,879
Printing	2,423	-	2,423	61	2,633	5,117
Direct Fundraising Costs	-	-	-	-	10,091	10,091
Tax Items	493	89	582	297	233	1,112
Depreciation	74,112	74,687	148,799	13,128	12,789	174,716
Interest	8,120	3,698	11,818	1,585	1,585	14,988
Total Expenses by Function	1,177,166	319,397	1,496,563	420,014	298,396	2,214,973
Less Expenses Included with Revenues on the Statement of Activities Cost of direct benefits to donors	-	-	-	-	(10,091)	(10,091)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,177,166</u>	<u>\$ 319,397</u>	<u>\$ 1,496,563</u>	<u>\$ 420,014</u>	<u>\$ 288,305</u>	<u>\$ 2,204,882</u>



Spokane Public Radio, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2024

	Program Services				Fundraising and Membership Development	
	Programming, Public Relations and Program Guide	Engineering and Equipment	Total	Management and General		Total
Payroll and Employee Benefits	\$ 441,031	\$ 79,644	\$ 520,675	\$ 265,813	\$ 209,067	\$ 995,555
Professional Services	104,723	17,970	122,693	102,565	29,892	255,150
Supplies and Postage	1,018	524	1,542	11,983	270	13,795
Utilities and Telephone	24,040	45,357	69,397	11,330	8,910	89,637
Rental Space	6,274	35,543	41,817	2,654	-	44,471
Repairs and Maintenance	17,897	50,825	68,722	10,243	-	78,965
Network Programming Fees	436,174	-	436,174	-	-	436,174
Marketing and Development	23,663	1,095	24,758	16,662	3,819	45,239
Insurance	13,879	2,507	16,386	8,366	6,580	31,332
Bank Fees	-	48	48	9,268	-	9,316
Printing	4,167	-	4,167	459	296	4,922
Direct Fundraising Costs	-	-	-	6,776	3,129	9,905
Tax Items	493	89	582	297	233	1,112
Depreciation	78,253	61,971	140,224	13,416	12,789	166,429
Interest	-	-	-	3,582	-	3,582
Total Expenses by Function	1,151,612	295,573	1,447,185	463,414	274,985	2,185,584
Less Expenses Included with Revenues on the Statement of Activities Cost of direct benefits to donors	-	-	-	-	(9,905)	(9,905)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,151,612</u>	<u>\$ 295,573</u>	<u>\$ 1,447,185</u>	<u>\$ 463,414</u>	<u>\$ 265,080</u>	<u>\$ 2,175,679</u>

Spokane Public Radio, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 111,686	\$ (277,185)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	174,716	166,429
Imputed interest expense	12,962	2,433
Loss on uncollectable promises to give	14,756	23,199
Gain on sale of property and equipment	(115,797)	-
Change in beneficial interest in assets held by community foundation	24,838	10,501
Cash surrender value of donated life insurance policy	-	(790)
Changes in operating assets and liabilities		
Subscription and membership promises to give, net	(12,046)	(14,931)
Underwriting receivables	(9,101)	(18,828)
Prepaid expenses	926	(9,840)
Accounts payable	(564)	3,187
Accrued expenses	(11,060)	(58,011)
Deferred revenue	(11,489)	(4,590)
Operating lease assets and liabilities	4,838	3,919
Net Cash from (used for) Operating Activities	<u>184,665</u>	<u>(174,507)</u>
Investing Activities		
Proceeds from sales of property and equipment	257,121	-
Purchase of property and equipment	(155,402)	(75,433)
Net Cash from (used for) Investing Activities	<u>101,719</u>	<u>(75,433)</u>
Financing Activities		
Draws on line of credit	151,021	75,230
Payments on line of credit	(105,717)	(69,935)
Principal payments on notes payable	(80,064)	(29,643)
Net Cash used for Financing Activities	<u>(34,760)</u>	<u>(24,348)</u>
Net Change in Cash and Cash Equivalents	251,624	(274,288)
Cash and Cash Equivalents, Beginning of Year	<u>158,455</u>	<u>432,743</u>
Cash and Cash Equivalents, End of Year	<u>\$ 410,079</u>	<u>\$ 158,455</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 2,026</u>	<u>\$ 1,149</u>

## **Note 1 - Principal Business Activity and Significant Accounting Policies**

### **Organization**

Spokane Public Radio, Inc. (the Organization) is a Washington nonprofit organization operating three noncommercial public radio stations in Spokane, Washington (KPBZ-FM 90.3, KPBX-FM 91.1, and KSFC-FM 91.9). The stations serve parts of eastern Washington, northern Idaho, western Montana, eastern Oregon, and British Columbia, Canada, through ten full power radio repeater stations and three translator stations. Management estimates that the stations reach between sixty and seventy thousand listeners, based upon published radio listener surveys.

Spokane Public Radio, Inc. offers a variety of classical music, jazz, and blues, as well as current news and public affairs programming. Spokane Public Radio, Inc. is supported primarily by listener contributions, local business underwriting, foundation grants, and grants from the Corporation of Public Broadcasting for program activities.

### **Cash and Cash Equivalents**

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

### **Certificates of Deposit**

Certificates of deposit are recorded at cost, which approximates fair market value. The interest rate on the certificate is 0.35% and renews annually.

### **Underwriting Receivables**

Underwriting receivables consist primarily of noninterest-bearing amounts due for program services. The Organization has tracked historical loss information for its underwriting receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). The Organization's underwriting receivables as of July 1, 2023 were \$29,063.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for underwriting receivables held at June 30, 2025 and 2024 because the composition of the underwriting receivables at those dates are consistent with that used in developing the historical credit-loss percentages. Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, there is no allowance for credit losses at June 30, 2025 and 2024.

### **Promises to Give**

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

### **Property and Equipment**

Property and equipment additions over \$250 are recorded at cost, or if donated, at the fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over their estimated useful lives ranging from two to twenty years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

### **Beneficial Interest in Assets Held by Community Foundation**

The Organization established an endowment fund that is perpetual in nature (the Fund) at Innovia Foundation (Innovia) and named itself as beneficiary. The Organization granted variance power to Innovia, which allows Innovia to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of Innovia's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by Innovia for the benefit of the Organization and is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets 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 statements of activities as net assets released from restrictions. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Revenue and Revenue Recognition**

The Organization recognizes grants and contributions (including contributions referred to as subscriptions and memberships) 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. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Organization recognizes revenue from underwriting and sponsorships during the period in which the related services are provided to customers. The performance obligation of delivering underwriting services is simultaneously received and consumed by the customers, therefore the revenue is recognized over time on the output method based on periods the underwriting was utilized. The underwriting contracts are non-refundable. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. The beginning balance of contract liabilities at July 1, 2023 was \$34,222.

### **In-Kind Contributions**

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 10). The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include supplies and postage, rental space, utilities and telephone, repairs and maintenance, insurance, interest, and depreciation, which are allocated on a usage or specifically identified basis, as well as payroll and employee benefits, marketing and development, and professional services, which are allocated based on estimates of time and effort.

**Income Taxes**

Spokane Public Radio, Inc. is organized as a Washington nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) of the Internal Revenue Code as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Spokane Public Radio, Inc. is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Spokane Public Radio, Inc. is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Spokane Public Radio, Inc. has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2025 and 2024 there were no amounts in excess of FDIC-insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

### Advertising Costs

Advertising costs are expensed as incurred and were \$11,018 and \$25,267 during the years ended June 30, 2025 and 2024, respectively.

### Subsequent Events

The Organization has evaluated subsequent events through December 29, 2025, the date the financial statements were available to be issued.

### Note 2 - Liquidity and Availability

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

	2025	2024
Cash and cash equivalents	\$ 405,079	\$ 153,455
Certificate of deposit	10,989	10,638
Promises to give	43,176	45,886
Underwriting receivable	56,992	47,891
	<u>\$ 516,236</u>	<u>\$ 257,870</u>

Cash balances are typically available for general expenditure less amounts restricted by donors for specified purposes. The board of directors has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need, determined by their estimate of three months of operating costs.

The Organization may also structure its financial assets to be available as its general expenditures and liabilities become due. The board has the ability to withdraw funds as needed from investments.

### Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset. The fair value of the Organization's beneficial interest in assets held by community foundation is based on the fair value of the investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at June 30, 2025 and 2024:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Assets Held by Community Foundation				
June 30, 2025	\$ 140,848	\$ -	\$ -	\$ 140,848
June 30, 2024	\$ 165,686	\$ -	\$ -	\$ 165,686

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024:

	2025	2024
Balance, beginning of year	\$ 165,686	\$ 176,187
Contributions	2,000	5,181
Distributions	(39,223)	(34,750)
Investment return, net	12,385	19,068
Balance, end of year	\$ 140,848	\$ 165,686



**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2025 and 2024:

	2025	2024
Within one year	\$ 62,070	\$ 72,629
Less allowance for uncollectable promises to give	(18,894)	(26,743)
	<u>\$ 43,176</u>	<u>\$ 45,886</u>

**Note 5 - Property and Equipment**

Property and equipment consists of the following at June 30, 2025 and 2024:

	2025	2024
Broadcast and production equipment	\$ 2,595,440	\$ 2,439,966
Furniture and fixtures	44,525	44,525
Transmitter buildings and other	29,864	29,864
Vehicles	4,674	6,614
Monroe firehouse	4,159,578	4,159,651
	6,834,081	6,680,620
Less accumulated depreciation	(3,055,277)	(2,882,502)
	3,778,804	3,798,118
Monroe firehouse land	116,653	116,653
Property adjacent to Monroe firehouse	-	141,324
	<u>\$ 3,895,457</u>	<u>\$ 4,056,095</u>

At June 30, 2025 and 2024, the Monroe firehouse property includes capitalized interest of \$42,544.

**Note 6 - Line of Credit**

The Organization had a \$350,000 revolving line of credit with Washington Trust Bank, secured by substantially all assets of the Organization. Subsequent to year-end, the available line was reduced to \$100,000. The agreement matures on September 13, 2026. Borrowings under the line bear interest at the bank's index rate plus 1.00% with a minimum floor of 6.50%. Amounts outstanding on the line totaled \$50,599 and \$5,295 as of June 30, 2025 and 2024, respectively. The agreement requires the Organization to comply with certain non-financial covenants.

## Note 7 - Notes Payable

Notes payable consist of the following at June 30, 2025 and 2024:

	2025	2024
4% note payable to Jim Sheehan, due in semi-annual installments of \$15,586, including interest, to June 2030, secured by real property	\$ 140,000	\$ 140,000
Note payable to Washington Trust Bank, due in monthly installments of \$1,781, including interest at 4.5%, to February 2025, secured by equipment and guaranteed by a donor and the donor's living trust	-	14,081
Noninterest bearing note payable to Jim Sheehan, due in quarterly installments of \$9,426, to October 2029, secured by real property <sup>(A)</sup>	169,672	235,655
Less unamortized discount based on imputed interest rate of 4%	(14,721)	(27,683)
	<u>\$ 294,951</u>	<u>\$ 362,053</u>

<sup>(A)</sup>For the years ended June 30, 2025 and 2024, imputed interest related to the note of \$12,962 and \$2,433, respectively, was expensed. Unamortized discount on the note is included in net assets with donor restrictions at June 30, 2025 and 2024, respectively.

Future maturities of notes payable are as follows:

Years Ending June 30,	Amount
2026	\$ 57,825
2027	60,167
2028	62,605
2029	65,142
2030	49,212
	<u>\$ 294,951</u>

Subsequent to year end the Organization entered into agreements with Jim Sheehan to restructure its outstanding debt obligations. The \$140,000 note payable was cancelled in full and will be recorded as a contribution to the Organization. The terms of the \$169,672 note payable were modified \$1,311 monthly installments, noninterest bearing, to April 2036.

**Note 8 - Leases**

The Organization leases multiple translator and antenna systems under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2041. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Organization's operating leases provide for increases in future minimum annual rental payments. Additionally, the operating lease agreements require the Organization to pay for repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating lease cost	\$ 22,549	\$ 21,001
Short-term lease costs	31,461	23,470
	<u>\$ 54,010</u>	<u>\$ 44,471</u>

The following table summarizes the supplemental cash flow information for the years ended June 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities		
Operating cash flows from operating lease	<u>\$ 17,711</u>	<u>\$ 17,081</u>
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	<u>\$ -</u>	<u>\$ 50,601</u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2025</u>	<u>2024</u>
Weighted-Average Remaining Lease Term		
Operating leases	14.68 years	15.62 years
Weighted-Average Discount Rate		
Operating leases	3.53%	3.53%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as June 30, 2025:

2026	\$ 18,363
2027	19,041
2028	19,743
2029	20,472
2030	21,228
Thereafter	<u>227,838</u>
Total lease payments	326,685
Less interest	<u>(75,838)</u>
Present value of minimum lease payments	<u><u>\$ 250,847</u></u>

## **Note 9 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for Specified Purpose		
Emergency Funds	\$ 5,000	\$ 5,000
Subject to the Passage of Time		
Promises to give, net	43,176	45,886
Broadcast equipment upgrades - deed of trust held by grantor	771,739	711,193
Noninterest bearing note payable discount	<u>14,721</u>	<u>27,683</u>
	<u><u>\$ 834,636</u></u>	<u><u>\$ 789,762</u></u>

Net assets were released from donor restrictions when capital campaign promises to give and subscription and membership promises to give were collected, donor purpose was satisfied, and interest expense was recognized related to noninterest bearing note payable discount as of June 30, 2025 and 2024 in the amounts of \$35,666 and \$24,074, respectively.

## Note 10 - Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included the following:

	2025	2024
Accounting	\$ 16,000	\$ 16,000
Computer services	451	450
Other professional	2,500	1,097
Legal fees	1,333	450
Janitorial	5,864	5,864
Advertising	9,418	18,399
Food and drink	3,748	3,878
Production engineering	43,235	47,673
	<u>\$ 82,549</u>	<u>\$ 93,811</u>

Contributed production engineering services are provided by specialty professionals who assist in the Organization's programming. Contributed product engineering services are used in program services and are recognized at fair value based on current rates for similar services.

Contributed legal, accounting, computer, advertising, janitorial, and other professional services are provided by professionals who advise and service the Organization. Contributed services are recognized at fair value based on current rates for similar professional services.

Contributed food and drink and advertising are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

All contributed nonfinancial assets received during the years ended June 30, 2025 and 2024 were without donor restrictions.

## Note 11 - Employee Benefits

The Organization sponsors a tax-deferred pension plan qualified under Section 403(b) of the Internal Revenue Code covering substantially all permanent employees. Employees can defer up to 20% of their annual compensation into their plan accounts. In addition, the Organization sponsors a tax-deferred Simplified Employee Pension Plan (SEP) covering all permanent employees. The plan provides that employees who have attained age 21 may contribute up to 15% of their earnings to the SEP, up to the maximum contribution allowed by the IRS. The Board of Directors approved contributions in the amount of 2% of eligible participant's compensation, with a minimum of \$25 per eligible participant for the years ended June 30, 2025 and 2024. Employer contributions were \$11,994 and \$14,324 for the years ended June 30, 2025 and 2024, respectively.

**Note 12 - Fundraising Events**

Revenue and direct expenses for fundraising events, consisting of the Record and Video Sale, for the years ended June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Revenue	\$ 49,765	\$ 50,874
Direct fundraising costs	<u>(10,091)</u>	<u>(9,905)</u>
Fundraising, net	<u>\$ 39,674</u>	<u>\$ 40,969</u>

**Note 13 - Conditional Promises to Give**

In July 2021, the Organization received conditional promises to give from the Washington State Department of Commerce totaling \$980,000. The promises to give are contingent upon broadcast equipment upgrades and are recognized as qualifying expenditures as incurred. During the years ended June 30, 2025 and 2024, \$60,546 and \$73,301, respectively of revenue was recognized related to these promises to give because the condition on which they depend have been met. In connection with the conditional promises to give, the Department of Commerce maintains a deed of trust on the real property owned by the Organization. The Organization is required to operate the equipment for the purposes stipulated in the agreement for a period of ten years (through 2032), at which point the deed of trust will be transferred to the Organization.