



**PACIFIC PUBLIC MEDIA  
(KNKX)**

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**Financial Statements  
With Independent Auditor's Report  
May 31, 2025 and 2024**



**PACIFIC PUBLIC MEDIA (KNKX)  
FINANCIAL STATEMENTS  
MAY 31, 2025 AND 2024**

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**Independent  
Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Pacific Public Media  
Seattle, Washington

### Opinion

We have audited the accompanying financial statements of Pacific Public Media (KNKX), which comprise the statements of financial position as of May 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of KNKX as of May 31, 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 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 KNKX and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KNKX'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 Responsibility**

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 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, including omissions, 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 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 KNKX'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 KNKX'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.



Francis & Company PLLC  
November 12, 2025

# **Statements of Financial Position**

**PACIFIC PUBLIC MEDIA (KNKX)**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF MAY 31, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,826,375	\$ 1,316,198
Underwriting receivable	137,711	154,446
Contributions receivable, net	21,365	116,437
Prepaid expenses	222,304	220,940
<b>Total current assets</b>	<b>2,207,755</b>	<b>1,808,021</b>
<b>Non-current assets</b>		
Property and equipment, net	7,876,350	8,414,849
Operating lease right-of-use assets	4,133,771	4,603,094
Intangible assets, net	7,949,858	7,985,517
<b>Total non-current assets</b>	<b>19,959,979</b>	<b>21,003,460</b>
<b>TOTAL ASSETS</b>	<b>\$ 22,167,734</b>	<b>\$ 22,811,481</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 291,526	\$ 184,979
Current portion of debt	95,116	117,140
Current portion of operating lease liability	460,472	462,847
Current portion of deferred underwriting	1,000	1,395
<b>Total current liabilities</b>	<b>848,114</b>	<b>766,361</b>
<b>Non-current liabilities</b>		
Deferred underwriting	104,875	204,490
Non-current portion of debt	224,171	290,000
Operating lease liability	4,267,350	4,727,817
<b>Total non-current liabilities</b>	<b>4,596,396</b>	<b>5,222,307</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 5,444,510</b>	<b>\$ 5,988,668</b>
<b>Net assets</b>		
Without donor restrictions	15,925,859	15,813,515
With donor restrictions	797,365	1,009,298
<b>Total net assets</b>	<b>16,723,224</b>	<b>16,822,813</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,167,734</b>	<b>\$ 22,811,481</b>

See accompanying notes to financial statements.

# **Statements of Activities**

**PACIFIC PUBLIC MEDIA (KNKX)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED MAY 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Listener support	\$7,176,572	\$ -	<b>\$7,176,572</b>	\$6,919,666	\$ -	<b>\$6,919,666</b>
Community service grant from Corporation for Public Broadcasting	428,139	165,016	<b>593,155</b>	363,984	130,023	<b>494,007</b>
Capital campaign contributions	-	-	-	-	130,440	<b>130,440</b>
Grant revenue	291,900	15,000	<b>306,900</b>	-	791,000	<b>791,000</b>
Underwriting	1,202,929	-	<b>1,202,929</b>	1,239,531	-	<b>1,239,531</b>
In-kind contributions	489,880	-	<b>489,880</b>	501,459	-	<b>501,459</b>
Other income	60,227	-	<b>60,227</b>	20,719	-	<b>20,719</b>
Net assets released from restrictions	391,949	(391,949)	-	582,991	(582,991)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>10,041,596</b>	<b>(211,933)</b>	<b>9,829,663</b>	<b>9,628,350</b>	<b>468,472</b>	<b>10,096,822</b>
<b>EXPENSES</b>						
<b>Program Services</b>						
Programming and production	3,758,396	-	3,758,396	3,913,177	-	<b>3,913,177</b>
Broadcasting	1,827,413	-	1,827,413	2,140,455	-	<b>2,140,455</b>
Program information and promotion	560,189	-	560,189	597,362	-	<b>597,362</b>
Total Program Services	6,145,998	-	6,145,998	6,650,994	-	<b>6,650,994</b>
<b>Supporting services</b>						
General and administrative	1,233,449	-	1,233,449	952,474	-	<b>952,474</b>
Fundraising and membership development	2,549,805	-	2,549,805	2,059,430	-	<b>2,059,430</b>
Capital campaign	-	-	-	487,419	-	<b>487,419</b>
Total Supporting Services	3,783,254	-	3,783,254	3,499,323	-	<b>3,499,323</b>
<b>TOTAL EXPENSES</b>	<b>9,929,252</b>	<b>-</b>	<b>9,929,252</b>	<b>10,150,317</b>	<b>-</b>	<b>10,150,317</b>
<b>CHANGES IN NET ASSETS</b>	112,344	(211,933)	<b>(99,589)</b>	(521,967)	468,472	<b>(53,495)</b>
Net assets, beginning of year	15,813,515	1,009,298	<b>16,822,813</b>	16,335,482	540,826	<b>16,876,308</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$15,925,859</b>	<b>\$797,365</b>	<b>\$16,723,224</b>	<b>\$15,813,515</b>	<b>\$1,009,298</b>	<b>\$16,822,813</b>

See accompanying notes to financial statements.

# **Statements of Functional Expenses**

**PACIFIC PUBLIC MEDIA (KNKX)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2025**

	Program Services			Support				Total
	Programming & Production	Broadcasting & Engineering	Public Information & Promotion	Total Program Services	General & Administration	Fundraising & Membership Development	Total Support Services	
Salaries, taxes & benefits	\$ 1,988,561	\$ 499,250	-	\$ 2,487,811	\$ 818,513	\$ 1,475,259	\$ 2,293,772	\$ 4,781,583
Professional & contract fees	1,517,048	176,193	53,947	1,747,188	153,271	428,412	581,683	2,328,871
Occupancy & tower leases	-	733,232	-	733,232	-	-	-	733,232
Depreciation	192,404	74,953	-	267,357	81,430	225,371	306,801	574,158
Advertising	-	-	498,022	498,022	2,008	-	2,008	500,030
Software & technology	26,777	145,794	159	172,730	42	51,901	51,943	224,673
Bank service charges	-	-	-	-	13,328	203,846	217,174	217,174
Utilities	-	120,094	-	120,094	-	-	-	120,094
Postage printing & shipping	-	7,339	2,598	9,937	100	63,807	63,907	73,844
Supplies	239	9,875	311	10,425	4,931	51,701	56,632	67,057
Insurance	-	-	-	-	66,401	-	66,401	66,401
Repairs & maintenance	-	55,450	-	55,450	-	-	-	55,450
Travel	21,370	3,888	383	25,641	18,128	4,863	22,991	48,632
Legal services	-	-	-	-	32,603	-	32,603	32,603
Interests	-	-	-	-	29,286	-	29,286	29,286
Meetings & entertainment	1,187	-	4,769	5,956	8,028	14,127	22,155	28,111
Dues & subscriptions	9,783	76	-	9,859	4,055	10,278	14,333	24,192
In-kind support	-	-	-	-	-	16,505	16,505	16,505
Taxes	181	1,001	-	1,182	316	3,735	4,051	5,233
License, fees & permits	-	268	-	268	1,009	-	1,009	1,277
Miscellaneous	846	-	-	846	-	-	-	846
<b>Total Expenses</b>	<b>\$ 3,758,396</b>	<b>\$ 1,827,413</b>	<b>\$ 560,189</b>	<b>\$ 6,145,998</b>	<b>\$ 1,233,449</b>	<b>\$ 2,549,805</b>	<b>\$ 3,783,254</b>	<b>\$ 9,929,252</b>

See accompanying notes to financial statements.

**PACIFIC PUBLIC MEDIA (KNKX)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2024**

	Program Services		Support		Fundraising & Total Support Services					Total
	Programming & Production	Broadcasting & Engineering	Public Information & Promotion	Total Program Services	General & Administration	Membership Development	Capital Campaign	Total Support Services		
Salaries, taxes & benefits	\$ 2,306,767	\$ 415,351	-	\$ 2,722,118	\$ 574,088	\$ 1,253,924	\$ 392,844	\$ 2,220,856	\$ 4,942,974	
Professional & contract fees	1,523,792	186,065	53,463	1,763,320	147,280	303,877	63,082	514,239	2,277,559	
Occupancy & tower leases	-	743,337	-	743,337	-	-	-	-	743,337	
Advertising	99	-	507,860	507,959	6,164	-	2,874	9,038	516,997	
Depreciation	17,289	439,303	-	456,592	5,872	41,204	-	47,076	503,668	
Software & technology	23,012	154,222	82	177,316	757	62,647	-	63,404	240,720	
Bank service charges	-	-	-	-	16,730	181,807	-	198,537	198,537	
Utilities	140	124,159	-	124,299	-	2,845	2,509	5,354	129,653	
Supplies	1,823	6,615	3,787	12,225	11,151	91,666	7,933	110,750	122,975	
Interests	-	-	-	-	95,544	-	-	95,544	95,544	
Meetings & entertainment	1,893	-	27,169	29,062	5,969	19,097	17,216	42,282	71,344	
Postage printing & shipping	-	8,975	4,200	13,175	193	48,533	485	49,211	62,386	
Insurance	-	-	-	-	61,909	-	-	61,909	61,909	
Travel	27,292	6,405	773	34,470	5,788	7,207	435	13,430	47,900	
Repairs & maintenance	-	46,904	-	46,904	-	-	-	-	46,904	
Dues & subscriptions	9,325	2,807	-	12,132	1,944	11,495	-	13,439	25,571	
In-kind support	-	-	-	-	-	24,120	-	24,120	24,120	
Legal services	-	-	-	-	18,402	-	-	18,402	18,402	
Taxes	-	5,776	28	5,804	81	11,008	11	11,100	16,904	
Miscellaneous	1,745	-	-	1,745	-	-	-	-	1,745	
License, fees & permits	-	536	-	536	602	-	30	632	1,168	
<b>Total Expenses</b>	<b>\$ 3,913,177</b>	<b>\$ 2,140,455</b>	<b>\$ 597,362</b>	<b>\$ 6,650,994</b>	<b>\$ 952,474</b>	<b>\$ 2,059,430</b>	<b>\$ 487,419</b>	<b>\$ 3,499,323</b>	<b>\$ 10,150,317</b>	

See accompanying notes to financial statements.

# **Statements of Cash Flows**

**PACIFIC PUBLIC MEDIA (KNKX)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MAY 31, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (99,589)	\$ (53,495)
<i>Adjustments to reconcile change in net assets to net cash from operating activities:</i>		
Contributions restricted for capital campaign	-	(130,440)
Grant revenue restricted for capital campaign	-	(776,000)
Depreciation on property and equipment	538,499	468,009
Amortization of software	35,659	35,659
Changes in operating assets and liabilities:		
Underwriting receivables	16,735	9,480
Contributions receivable	95,072	-
Prepaid expenses	(1,364)	81,162
Right-of-use assets	469,323	460,977
Accounts payable and other accrued expenses	106,552	(208,760)
Deferred underwriting	(100,010)	(120,065)
Operating lease liability	(462,847)	(408,878)
<b>Net cash flow from/ (used in) operating activities</b>	<b>598,030</b>	<b>(642,351)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(434,904)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(434,904)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital campaign proceeds	-	1,228,806
Payments on long-term and other debts	(87,853)	(992,860)
<b>Net cash from/ (used in) financing activities</b>	<b>(87,853)</b>	<b>235,946</b>
<b>Net change in cash and cash equivalents</b>	510,177	(841,309)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,316,198	2,157,507
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$1,826,375</b>	<b>\$1,316,198</b>

See accompanying notes to financial statements.

# **Notes to the Financial Statements**

**PACIFIC PUBLIC MEDIA (KNKX)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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**NOTE 1      SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Pacific Public Media (KNKX), incorporated January 13, 2016, and operating under KNKX 88.5 FM (KNKX), is a nonprofit corporation providing public radio programming and services to the Puget Sound region. KNKX broadcasts from its Seattle and Tacoma stations.

KNKX prides itself as a source of jazz, blues, and in-depth local and national news, available 24 hours a day online, through a cell phone application, or on the radio. KNKX also provides a full-time streaming jazz service, Jazz24. Broadcasting around the world, Jazz24 reaches a worldwide audience and further spreads the American music genre of jazz to new and old listeners alike.

**Financial Statement Presentation**

KNKX reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions restricted by time or program are reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions when the restrictions are met.

**Board-Designated Net Assets:**

KNKX has an operating reserve of \$1,693,439 that is designated by the Board and included within net assets without donor restrictions at May 31, 2025 and 2024.

**Net Assets with Donor Restrictions:**

Net assets with donor restrictions consist of the following at May 31:

	<b>2025</b>	<b>2024</b>
Time-restricted listener and capital support	\$21,365	\$233,298
Time-restricted grants	776,000	776,000
	<b>\$797,365</b>	<b>\$1,009,298</b>

Time-restricted listener support represents contributions scheduled by the listener to be received in the following year. KNKX has elected to report net assets with donor restrictions whose restrictions are met in the same period they are received as being without donor restrictions.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

**PACIFIC PUBLIC MEDIA (KNKX)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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**NOTE 1      SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Cash and cash equivalents**

Cash consists of cash held in banks. At times during the year, KNKX has cash in banks in excess of the FDIC insurance limits. To mitigate this risk, management believes it has selected financially sound banks to hold its funds.

**Receivables**

Almost all underwriting fees come from companies located in the Pacific Northwest. These receivables are stated at their outstanding principal balances.

Unconditional promises to give (contributions receivable) that are expected to be collected in one year are recorded at net realizable value. Contributions receivable over periods more than one year are initially recorded at fair value including assumptions about expected year of collection, estimated allowance, and donor-specific discount rates.

Management reviews underwriting and contributions receivable on a regular basis. Management determined an allowance for uncollectible underwriting and contribution receivables of \$nil and \$116,861 at May 31, 2025 and 2024, respectively.

**Property and equipment and depreciation**

KNKX capitalizes expenditures for property and equipment at cost or, if donated, at the estimated fair value at the time of receipt. KNKX capitalizes property and equipment purchases with a cost or donated value of greater than \$10,000 and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives for all property and equipment. Leasehold improvements are depreciated on the straight-line basis over the shorter of the term of the lease or the estimated useful lives of the improvements.

**Identifiable intangible assets and amortization**

Identifiable intangible assets consist of amortizable, and indefinite lived intangible assets. Indefinite lived intangible assets are stated at cost and consist of \$7,935,000 in Federal Communications Commission (FCC) licenses at May 31, 2025 and 2024. FCC licenses were acquired in 2016 from Pacific Lutheran University (PLU) and have an indefinite life and, therefore, are not amortized. Intangible assets are reviewed at least annually for potential impairment.

Software conversion costs for a new software as a service were capitalized in the amount of \$142,636 as of May 31, 2021. Amortization began during the year ended May 31, 2022, when the software was implemented. Amortization expenses were \$35,659 for both the years ended May 31, 2025, and May 31, 2024.

**PACIFIC PUBLIC MEDIA (KNKX)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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**NOTE 1      SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Leases**

Leases arise from contractual obligations that convey the right to control the use of identified property and equipment for a period in exchange for consideration. At the inception of the contract, KNKX determines if an arrangement contains a lease based on whether there is an identified asset and whether they control the use of the identified asset. KNKX also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents KNKX's right to use an underlying asset and a lease liability represents KNKX's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement of the lease for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Leases liabilities are recorded at the present value of the future lease payments over the lease term at commencement of the lease. The implicit rates for KNKX's leases are not readily determinable, therefore, KNKX elected to use a risk-free discount rate at the lease commencement date for all new leases and at June 1, 2022 (Adoption Date).

KNKX's real estate operating leases typically include non-lease components such as common area maintenance costs. KNKX elected to combine non-lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that these are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments. Certain KNKX's leases contain options to extend the lease term at prevailing market rates at the time of renewal. Management cannot predict the future economic landscape; therefore, it is not reasonably certain to exercise the extension options. KNKX uses the base non-cancellable, lease term when recognizing the lease assets and liabilities. KNKX lease agreements do not contain any material restrictive covenants.

For contracts existing as of the Adoption Date, KNKX elected the practical expedient and did not reassess whether there were any expired or existing leases, and initial direct costs for any existing leases.

**Fair value measurements**

Financial instruments include cash and cash equivalents, accounts receivable, and accounts payable. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, approximate fair market value because of the short maturity of those instruments.

**PACIFIC PUBLIC MEDIA (KNKX)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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**NOTE 1      SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Support and revenue**

Contribution revenue (listener support) is recognized when cash is received, goods and services are donated, or when an unconditional promise is made.

Grant revenue from the Corporation for Public Broadcasting represents unrestricted funding to support general operations. All grant revenue is recognized as revenue when the grant is awarded unless there are conditions placed on the grant by the donor. There were no outstanding conditional grants as of May 31, 2025, or 2024.

Underwriting fees are considered contracts with customers and are recognized in accordance with ASC Topic 606 and recognized when the related programming is aired on the radio or when digital sponsorships are delivered (i.e., the number of times the sponsorship appears in viewed internet pages) at the amount KNKX has the right to invoice. Revenue is recognized as a point in time. No significant judgements are necessary to determine the amount or timing of revenue recognition. Customers are billed at the end of each month for sponsorships aired during that month. Payment is generally due within 30 days of the invoice date. As of May 31, 2025, and 2024, KNKX had underwriting receivables of \$137,711 and \$154,446, respectively.

Underwriting fees received in advance are recognized as deferred underwriting revenue. In 2016, KNKX partially paid for the purchase of an asset through the promise of future underwriting (see Note 5). The deferred underwriting related to this agreement was \$104,875 and \$204,490 as of May 31, 2025, and 2024, respectively.

KNKX expenses incremental costs to obtain a contract (such as sales commissions, general and administrative costs, and costs that cannot be assigned to a performance obligation) when incurred because the amortization period would have been one year or less.

**In-kind goods and services**

Donated services and supplies are recognized at their estimated fair value in the financial statements. In-kind contributions of \$473,375 and \$477,339 were received from one donor for the years ended May 31, 2025, and 2024, respectively. In-kind donations primarily consist of donated advertising. In addition, many individuals volunteer their time and perform a variety of tasks for KNKX, but these services do not meet the criteria for recognition in the financial statements as contributed services.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy, depreciation, and amortization expenses are allocated on a square-footage basis. Expenses such as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and others are allocated to their functional areas based on estimated time and effort.

**PACIFIC PUBLIC MEDIA (KNKX)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025 AND 2024**

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**NOTE 1      SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Advertising costs**

KNKX expenses advertising costs as incurred. Advertising costs for the years ended May 31, 2025, and 2024, were \$500,030 and \$516,997, respectively. Advertising expenses are primarily donated advertising and are recognized as in-kind contributions. During the years ended May 31, 2025, and 2024, donated advertising was \$473,375, and \$477,339, respectively.

**Income taxes**

KNKX is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

KNKX strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. General expenditures include costs to run programs, fundraise, perform underwriting services, and other contractual obligations. Financial assets more than daily cash requirements can be invested in certificates of deposit, money market funds and other short-term investments.

KNKX manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term mission fulfillment will continue to be met, ensuring the sustainability of the organization.

The following table reflects KNKX financial assets as of May 31, 2025, and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions, donor restrictions, or internal board designations. KNKX has board-designated funds held for an operating reserve. If the need arises to utilize board-designated funds for liquidity purposes, these reserves could be drawn upon through board resolution.

	<b>2025</b>	<b>2024</b>
Financial Assets	\$ 1,985,451	\$ 1,587,081
Donor-imposed restrictions	(21,365)	(233,298)
Operating reserve	(1,693,439)	(1,693,439)
<b>Financial assets available</b>	<b>\$ 270,647</b>	<b>\$ (339,656)</b>

**NOTE 3 Contributions Receivable**

Unconditional promises to give as of May 31 consist of the following:

	<b>2025</b>	<b>2024</b>
Receivable within one year	\$ 21,365	\$ 233,298
Receivable in one to five years	-	-
<b>Receivables before allowance</b>	<b>21,365</b>	<b>233,298</b>
Allowance of uncollectible accounts	-	(116,861)
<b>Total promises to give receivable</b>	<b>\$ 21,365</b>	<b>\$ 116,437</b>

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**NOTE 4      PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of May 31:

	<b>2025</b>	<b>2024</b>
Leasehold improvements	\$7,841,331	\$7,841,331
Property and equipment	1,993,740	1,993,740
	<b>9,835,071</b>	<b>9,835,071</b>
Less: Accumulated depreciation	(1,958,721)	(1,420,222)
<b>Total Property and equipment, net</b>	<b>\$ 7,876,350</b>	<b>\$ 8,414,849</b>

Depreciation and amortization expense for land, buildings and equipment was \$538,499, and \$468,010 for the years ended May 31, 2025, and 2024, respectively.

**NOTE 5      DEFERRED UNDERWRITING PLU**

Under the terms of the Asset Purchase Agreement (the Agreement) with PLU in 2016 (see Note 1), KNKX paid \$7 million in cash and was obligated to provide \$1 million of underwriting services to PLU. Under the Agreement, up to \$100,000 of underwriting is to be provided per year for 10 years, with an allowed unused carryover amount of \$10,000 per year. Underwriting more than \$100,000 per year will reduce the following year's allocation. Underwriting performed under the Agreement during the years ended May 31, 2025, and 2024, was \$99,615 and \$102,405, respectively. The remaining deferred obligation is \$104,875 and \$204,490 as of May 31, 2025 and 2024 respectively.

**NOTE 6      DEBTS**

On June 22, 2023, the Organization refinanced a loan amounting to \$1,400,000 at an interest rate of 7.97%. The loan is secured against the Seattle Studio property. During the year, the Organization made repayments totaling \$87,853, leaving an outstanding balance of \$319,287 and \$407,140 as of May 31, 2025 and 2024 respectively.

The future scheduled maturities of the debt are as follows:

Year ending May 31:

2026	\$	95,116
2027		102,980
2028		111,494
2029		9,697
<b>Total</b>		<b>\$ 319,287</b>

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**NOTE 7 LEASES**

KNKX leases various equipment and facilities under long-term operating leases. Rental payments under these leases include base rental amounts for the terms of each lease. Variable costs for expenses which are not based on an index or rate, are determined based on actual expenses incurred by the lessor and passed to KNKX.

Operating and variable lease expenses for the year ended May 31, 2025, was:

	<b>2025</b>	<b>2024</b>
Operating lease expense	\$ 732,363	\$ 741,219
Variable lease expense	869	2,118
<b>Total</b>	<b>\$ 733,232</b>	<b>\$ 743,337</b>

Aggregate remaining maturities of Operating lease liabilities as of May 31, 2025:

2025	\$ 686,007
2026	702,287
2027	707,919
2028	723,380
2029	551,373
Thereafter	2,564,557
Total operating lease payments	5,935,523
Minus: Imputed interest	(1,207,701)
<b>Total operating lease liabilities</b>	<b>\$ 4,727,822</b>

**NOTE 8 RETIREMENT PLAN**

KNKX has a defined contribution 401(k) pension plan (the Plan) covering employees who meet prescribed service requirements. Contributions are made in accordance with the provisions of the Plan, which require employer contributions of 3% of total compensation and, in addition, a match of employee contributions of up to 5% of compensation. During the years ended May 31, 2025 and 2024, KNKX contributed \$255,016 and \$251,970, respectively, to the Plan.

**NOTE 9 SUBSEQUENT EVENTS**

Management evaluated all activities of KNKX through November 12, 2025 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements.