

COASTALASKA, INC., AND MEMBER STATIONS

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Years Ended  
June 30, 2025 and 2024

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

COASTALASKA, INC., AND MEMBER STATIONS

FINANCIAL STATEMENTS

Years Ended  
June 30, 2025 and 2024

TABLE OF CONTENTS

COASTALASKA, INC.

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to the Financial Statements	8

SUPPLEMENTAL SCHEDULES

Supplemental Schedules of Activity by Member	18
--	----

RAVEN RADIO FOUNDATION, INC. (KCAW)

Independent Auditor's Report	24
Statements of Financial Position	26
Statements of Activities	27
Statements of Cash Flows	28
Notes to the Financial Statements	29

NARROWS BROADCASTING CORPORATION (KFSK)

Independent Auditor's Report	36
Statements of Financial Position	38
Statements of Activities	39
Statements of Cash Flows	40
Notes to the Financial Statements	41

RAINBIRD COMMUNITY BROADCASTING CORPORATION (KRBK)

Independent Auditor's Report	48
Statements of Financial Position	50
Statements of Activities	51
Statements of Cash Flows	52
Notes to the Financial Statements	53

UNALASKA COMMUNITY BROADCASTING, INC. (KUCB)

Independent Auditor's Report	60
Statements of Financial Position	62
Statements of Activities	63
Statements of Cash Flows	64
Notes to the Financial Statements	65

KTOO MUSIC AND ARTS, LLC (KTOO FM)

Independent Auditor's Report	70
Statements of Activities	72
Notes to the Financial Statements	73



---

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
CoastAlaska, Inc.

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

#### *Opinion*

We have audited the accompanying financial statements of CoastAlaska, Inc. (CoastAlaska or the Organization), a not-for-profit organization, 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 present fairly, in all material respects, the financial position of the Organization 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility for 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 the Organization'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 the Organization'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.

#### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Activity by Member for the years ended June 30, 2025 and 2024 appearing on pages 18-23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Elgee Rehfeld*

October 14, 2025

## COASTALASKA, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash	\$ 638,718	\$ 1,247,103
Accounts receivable, net	190,663	200,335
Contributions receivable, net	240,523	206,630
Prepaid expenses	<u>39,010</u>	<u>51,844</u>
Total current assets	1,108,914	1,705,912
Investments	1,882,539	1,983,649
Property and equipment, net	<u>152,828</u>	<u>128,235</u>
Total assets	<u><u>\$ 3,144,281</u></u>	<u><u>\$ 3,817,796</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 230,051	\$ 198,706
Accrued leave	177,577	169,505
Deferred revenue	53,070	13,306
Refundable advance	299,082	830,048
Rental deposits	<u>700</u>	<u>700</u>
Total current liabilities	<u>760,480</u>	<u>1,212,265</u>
Total liabilities	<u>760,480</u>	<u>1,212,265</u>
Net assets -		
Without donor restrictions:		
Undesignated - available for operations	2,123,061	2,225,033
Designated - future station use	107,912	252,263
Designated - invested in property and equipment	<u>152,828</u>	<u>128,235</u>
Total net assets	<u>2,383,801</u>	<u>2,605,531</u>
Total liabilities and net assets	<u><u>\$ 3,144,281</u></u>	<u><u>\$ 3,817,796</u></u>

*The accompanying notes to financial statements are an integral part of these statements.*

COASTALASKA, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES AND SUPPORT</b>		
Contributions of cash and other financial assets	\$ 43,209	\$ 55,374
Contributions of nonfinancial assets	56,900	54,567
Membership	1,261,082	1,113,924
Government and CPB operating grants	1,680,506	1,856,325
Underwriting revenue	562,020	577,704
Special events and other income	203,638	134,030
Rental revenue	142,927	151,403
Consulting revenue	260,887	186,978
Engineering fees	94,827	77,977
Statewide programming	319,334	307,927
Station services fees	25,765	25,765
Production revenue	23,030	41,520
Other operating grants	<u>424,371</u>	<u>246,025</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<u>5,098,496</u>	<u>4,829,519</u>
<b>EXPENSES</b>		
<b>PROGRAM SERVICES</b>		
Programming and production	2,449,324	2,276,725
Technical	<u>887,140</u>	<u>931,529</u>
<b>Total program services</b>	<u>3,336,464</u>	<u>3,208,254</u>
<b>SUPPORTING SERVICES</b>		
General and administrative	1,545,904	1,460,143
Fundraising and member development	<u>635,559</u>	<u>488,503</u>
<b>Total supporting services</b>	<u>2,181,463</u>	<u>1,948,646</u>
<b>TOTAL EXPENSES</b>	<u>5,517,927</u>	<u>5,156,900</u>
Changes in net assets without donor restrictions from operating activities	(419,431)	(327,381)
Changes in net assets without donor restrictions from non-operating activities:		
Interest and investment income	<u>197,701</u>	<u>230,881</u>
Changes in net assets without donor restrictions	(221,730)	(96,500)
<b>NET ASSETS, beginning of year</b>	<u>2,605,531</u>	<u>2,702,031</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,383,801</u>	<u>\$ 2,605,531</u>

*The accompanying notes to financial statements are an integral part of these statements.*

## COASTALASKA, INC.

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflows from operations:		
Cash received from grants	\$ 1,573,911	\$ 1,903,209
Cash received from membership	1,270,398	1,182,082
Cash received from underwriting	611,456	532,108
Cash received from other sources	1,070,408	925,600
Cash received from investment income	35,054	51,135
Cash outflows for operations:		
Payments for salaries, benefits and payroll taxes to employees	(3,494,742)	(3,351,646)
Payments to suppliers	<u>(1,891,549)</u>	<u>(1,860,212)</u>
Net cash used for operating activities	<u>(825,064)</u>	<u>(617,724)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (purchase) of investments, net	263,757	(25,962)
Purchase and construction of buildings and equipment	<u>(47,078)</u>	<u>(9,995)</u>
Net cash provided by (used for) investing activities	<u>216,679</u>	<u>(35,957)</u>
Net change in cash	(608,385)	(653,681)
Cash, beginning of year	<u>1,247,103</u>	<u>1,900,784</u>
Cash, end of year	<u>\$ 638,718</u>	<u>\$ 1,247,103</u>

*The accompanying notes to financial statements are an integral part of these statements.*

COASTALASKA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2025

	Program Services			Supporting Services			Total Program and Supporting Services Expenses 2025
	Programming and Production	Technical	Total	General and Administrative	Fundraising and Member Development		
<b>DIRECT EXPENSES</b>							
Salaries and related expenses	\$ 1,458,250	\$ 456,592	\$ 1,914,842	\$ 1,202,798	\$ 385,174	\$ 3,502,814	
Acquisitions expense	478,071	-	478,071	-	-	478,071	
Occupancy	145,803	45,652	191,455	120,262	38,512	350,229	
Professional fees	36,604	72,249	108,853	100,075	25,607	234,535	
Transmission expense	-	173,805	173,805	-	-	173,805	
Other expenses	-	-	-	66,236	86,690	152,926	
Supplies and equipment	5,442	72,913	78,355	4,149	-	82,504	
Travel and transportation	22,781	24,549	47,330	19,198	2,941	69,469	
Special events	-	-	-	-	66,248	66,248	
Rental and maintenance of equipment	-	41,380	41,380	789	-	42,169	
Dues and subscriptions	-	-	-	25,199	-	25,199	
Advertising	-	-	-	-	19,831	19,831	
Postage and shipping	-	-	-	6,931	10,556	17,487	
Printing and publications	-	-	-	267	-	267	
Total direct expenses	2,146,951	887,140	3,034,091	1,545,904	635,559	5,215,554	
Assets capitalized by stations, net of deletions	302,373	-	302,373	-	-	302,373	
<b>Total expenses</b>	<b>\$ 2,449,324</b>	<b>\$ 887,140</b>	<b>\$ 3,336,464</b>	<b>\$ 1,545,904</b>	<b>\$ 635,559</b>	<b>\$ 5,517,927</b>	

*The accompanying notes to financial statements are an integral part of these statements.*

COASTALASKA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2024

	Program Services			Supporting Services			Total Program and Supporting Services Expenses	
	Programming and Production	Technical	Total	General and Administrative	Fundraising and Member Development	2024		
<b>DIRECT EXPENSES</b>								
Salaries and related expenses	\$ 1,487,790	\$ 452,919	\$ 1,940,709	\$ 1,123,048	\$ 315,152	\$ 3,378,909		
Acquisitions expense	472,012	-	472,012	-	-	472,012		
Occupancy	154,992	47,184	202,176	116,996	32,832	352,004		
Professional fees	30,947	82,557	113,504	98,844	20,594	232,942		
Transmission expense	-	173,008	173,008	-	-	173,008		
Other expenses	14	-	14	68,638	72,529	141,181		
Supplies and equipment	5,184	116,169	121,353	1,988	-	123,341		
Travel and transportation	16,951	19,223	36,174	15,459	3,226	54,859		
Rental and maintenance of equipment	-	40,469	40,469	1,589	-	42,058		
Dues and subscriptions	-	-	-	18,846	-	18,846		
Postage and shipping	-	-	-	9,135	9,288	18,423		
Special events	-	-	-	-	18,220	18,220		
Advertising	-	-	-	-	16,662	16,662		
Total direct expenses	2,167,890	931,529	3,099,419	1,454,543	488,503	5,042,465		
Assets capitalized by stations, net of deletions	108,835	-	108,835	5,600	-	114,435		
<b>Total expenses</b>	<b>\$ 2,276,725</b>	<b>\$ 931,529</b>	<b>\$ 3,208,254</b>	<b>\$ 1,460,143</b>	<b>\$ 488,503</b>	<b>\$ 5,156,900</b>		

*The accompanying notes to financial statements are an integral part of these statements.*

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

On July 1, 1998 five non-profit Alaska corporations, which operate five noncommercial public radio stations and one noncommercial public television station in Southeast Alaska, formed CoastAlaska, Inc. (CoastAlaska or the Organization), a not-for-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

## COASTALASKA, INC.

### NOTES TO THE FINANCIAL STATEMENTS

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

CoastAlaska program services, as presented in the statements of functional expenses, are as follows:

#### Programming and Production

CoastAlaska stations and regional services provide quality non-commercial news and locally valued programming. CoastAlaska programming features local voices, fact-based journalism, community service and emergency alerting.

#### Technical Services

CoastAlaska technical products are radio broadcast signals, as well as digital content on the web. CoastAlaska stations produce eight FM broadcast services.

#### Basis of Accounting

The financial statements of CoastAlaska have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*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 be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Organization also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### Revenue Recognition

##### *Contributions of Cash and Other Financial Assets*

The Organization may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For

## COASTALASKA, INC.

### NOTES TO THE FINANCIAL STATEMENTS

conditional contributions, the Organization recognizes revenue only after the conditions are substantially met. Should the Organization substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions.

#### *Contributions of Nonfinancial Assets*

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Organization. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

#### *Membership*

Membership contributions are considered available for the Organization's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

#### *Grant Revenue*

Grants or contracts awarded to the Organization from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Grant receivables are recorded for unreimbursed expenses incurred for the purposes specified by the awarding agency. Funding received in advance of incurring allowable expenses are recorded as a refundable advance.

#### *Underwriting Revenue*

Revenue from program underwriting is recognized when the Organization satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis.

#### *Rental Revenue, Special Events and Other Income*

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals are recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables

## COASTALASKA, INC.

### NOTES TO THE FINANCIAL STATEMENTS

from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### *Consulting Revenue, Engineering Fees, Station Service Fees, and Statewide Programming*

Revenue from consulting, engineering fees, station service fees, and statewide programming are recorded when earned. Revenue is recognized at a point in time as the performance obligation of the consulting services, engineering services, station services, and statewide programming performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for consulting services, engineering fees, station service fees, and statewide programming are reported as deferred revenue in the statements of financial position. Management evaluates receivables from consulting revenue, engineering fees, station service fees, and statewide programming for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### *Production Revenue*

Revenue from television and studio production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for production revenue are reported as deferred revenue in the statements of financial position. Management evaluates receivables from production revenue for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### 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.

#### Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair market value. Accordingly, CoastAlaska accounts for its investments, which include marketable equity securities, money market funds, government and agency securities, corporate bonds, and mutual funds at fair value. Unrealized gains and losses are included in the change in net assets. Information about the fair value of investments and the unrealized gains and losses is discussed in Note 6.

#### Fair Value Measurements

CoastAlaska reports its investments in accordance with FASB ASC 820 *Fair Value Measurement and Disclosure*. FASB ASC 820 provides a framework for measuring fair value and requires that an entity determine fair value based on exit price from the principal market for the asset or liability being measured.

#### Property and Equipment

Property and equipment of the Member Stations continues to be recorded in the financial statements of the respective members. Expenditures incurred by CoastAlaska for repairs and maintenance of the Member Stations' property and equipment are charged to operating expense as incurred. Expenditures incurred by CoastAlaska on behalf of the Member Stations for property and equipment acquisitions, major renewals and betterments are recorded as contributions to the Member Stations as incurred. According to the terms and conditions of the National Telecommunications and Information Administration grants, which were received in years prior to 1995, the federal government retains a priority reversionary interest for ten years in equipment purchased with grant proceeds. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

## COASTALASKA, INC.

### NOTES TO THE FINANCIAL STATEMENTS

#### Cash

For the purpose of the statements of cash flows, CoastAlaska considers all cash in checking, savings, and money market accounts, excluding those classified as investments, to be cash.

#### Income Taxes

CoastAlaska is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. The Organization applied for and received a group exemption to include all Member Stations and the Legacy Foundation as subordinates under its tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to CoastAlaska's tax-exempt purpose is subject to taxation as unrelated business income. There was no required provision for income taxes for fiscal years ended June 30, 2025 and 2024. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

#### Functional Allocation of Expenses

The costs of providing CoastAlaska's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses for program services are segregated from management and general expenses. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Occupancy costs are allocated to function based on each function's proportionate share of total salaries and related expenses.

#### Accounts Receivable

Accounts receivable consist of various trade receivables. Accounts receivable include invoiced amounts less an estimate made for credit losses based on a review of all outstanding amounts. The Organization determines the allowance for credit losses based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The allowance was \$2,580 and \$2,580 at June 30, 2025 and 2024, respectively.

#### Contributions Receivable

Contributions receivable are recorded at their estimated net realizable value at the time the associated pledge was made. CoastAlaska had contributions receivable of \$240,523 and \$206,630 at June 30, 2025 and 2024, respectively. CoastAlaska writes off uncollected pledges in excess of 180 days and management feels it is not necessary to record allowances for pledges less than 180 days.

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures without donor or other restriction limiting their use, within one year of June 30, 2025:

Financial assets, at year-end\*

Cash	\$ 638,718
Accounts receivable, net	190,663
Contributions receivable, net	240,523
Investments	1,882,539

Less those unavailable for general expenditures within one year, due to -

Board designations -

Designated for future station use	<u>(107,912)</u>
-----------------------------------	------------------

Financial assets available to meet cash needs for general expenditures within one year \$ 2,844,531

\*Total assets, less nonfinancial assets (property and equipment, net; prepaid expenses)

**NOTE 3 – CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2025	2024
Transmission	\$ 22,269	\$ 19,212
Travel and transportation	12,465	4,277
Advertising	10,850	11,006
Supplies and equipment	4,441	7,822
Professional services	3,900	-
Occupancy	2,975	10,451
Other	-	1,799
	<u>\$ 56,900</u>	<u>\$ 54,567</u>

The Organization recognized contributions of nonfinancial assets within revenue, including transmission, travel and transportation, advertising, supplies and equipment, professional services, occupancy, and other services. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Transmission consists of translator space, DSL and IPL address, and internet services. The Organization estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar services.

Travel and transportation consists of travel and lodging provided by various organizations. The Organization estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

## COASTALASKA, INC.

### NOTES TO THE FINANCIAL STATEMENTS

Advertising consists of media sponsorships provided by local organizations on behalf of the Organization. The Organization estimated fair value on the basis of values that would be received for selling advertising to clients.

Supplies and equipment is composed of miscellaneous items such as coffee, catered food, office supplies, bottled water service, weekly trivia prizes, paper, bike rentals, retail inventory, and donated broadcast equipment. The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products.

Professional services are the operation of retail sales that are used to support program activities. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Occupancy consists of utilities provided to support the Organization's activities, space for board meetings, and storage space. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Other services consist of a chamber of commerce membership provided to support the Organization. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

### NOTE 4 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment in total for CoastAlaska at June 30, 2025 and 2024 are summarized below:

	2025	2024
Building and improvements	\$ 347,402	\$ 347,402
Broadcasting, production and programming equipment	460,131	460,131
Office fixtures and equipment	22,135	22,135
Land	9,000	9,000
Work in progress	47,078	-
	885,746	838,668
Less accumulated depreciation	(732,918)	(710,433)
Total property and equipment, net	<u>\$ 152,828</u>	<u>\$ 128,235</u>

Depreciation expense was \$22,485 and \$22,970 for CoastAlaska for the fiscal years ending June 30, 2025 and 2024, respectively, and is included in other expenses on the statements of functional expenses.

### NOTE 5 – OPERATING LEASES

Operating leases arise from the leasing of CoastAlaska's tower space to customers. Initial lease terms are for 5 years. Rental income from these leases for the years ended June 30, 2025 and 2024 was \$27,600 and \$26,447, respectively, and is included in rental revenue on the statements of activities.

There are no annual undiscounted cash flows of operating lease payments to be received as of June 30, 2025.

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6 – INVESTMENTS AND FAIR VALUE**

FASB ASC 820 defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. FASB ASC 820 also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets as liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

Fair values of assets measured on a recurring basis at June 30, 2025 are as follows:

Investments:	Fair	Level	Level	Level
	Value	1	2	3
Equity securities	\$ 1,186,752	\$ 1,186,752	\$ -	\$ -
Money market funds	175,423	175,423	-	-
Government and agency securities	117,729	117,729	-	-
Corporate bonds	215,153	215,153	-	-
Mutual funds	<u>187,482</u>	<u>187,482</u>	-	-
<b>Total</b>	<b>\$ 1,882,539</b>	<b>\$ 1,882,539</b>	<b>\$ -</b>	<b>\$ -</b>

Fair values of assets measured on a recurring basis at June 30, 2024 are as follows:

Investments:	Fair	Level	Level	Level
	Value	1	2	3
Equity securities	\$ 1,064,623	\$ 1,064,623	\$ -	\$ -
Money market funds	448,800	448,800	-	-
Government and agency securities	99,293	99,293	-	-
Corporate bonds	199,502	199,502	-	-
Mutual funds	<u>171,431</u>	<u>171,431</u>	-	-
<b>Total</b>	<b>\$ 1,983,649</b>	<b>\$ 1,983,649</b>	<b>\$ -</b>	<b>\$ -</b>

Interest and investment income consists of the following for the years ended June 30:

	2025	2024
Interest and dividend income	\$ 56,948	\$ 48,635
Realized gains (loss)	85,760	152,282
Management fees	(21,894)	2,500
Unrealized gains (loss)	76,887	27,464
<b>Total</b>	<b>\$ 197,701</b>	<b>\$ 230,881</b>

**NOTE 7 – REFUNDABLE ADVANCES**

CoastAlaska receives various operating and capital grants that contain certain conditions from the awarding agencies. Funds received in advance of the conditions being met are recorded as

## COASTALASKA, INC.

### NOTES TO THE FINANCIAL STATEMENTS

refundable advances and are subsequently recognized as grant revenue when donor conditions are met. Refundable advances consisted of \$299,082 and \$830,048 of operating grants as of June 30, 2025 and 2024, respectively.

#### NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATED

CoastAlaska has received donations from supporters of KCAW totaling \$107,912 and \$252,263 as of June 30, 2025 and 2024, respectively, that the Board of Directors has set as designated for future use by KCAW station management through the setup of a legacy foundation at a future date to be determined.

#### NOTE 9 – RETIREMENT BENEFITS EXPENSE

On January 1, 1999, CoastAlaska became the plan sponsor for a retirement plan designed under the provisions of section 403(b) of the Internal Revenue Code. CoastAlaska's contribution to the plan is a discretionary amount of 4% of each employee's salary in both 2025 and 2024. There is no required employer matching contribution. The contribution is paid as accrued.

Plan participants employed prior to January 1, 2009 are 100% vested in all salary deferral and employer discretionary contributions upon entering the plan. Effective on January 1, 2009, new employees are eligible for employer discretionary contributions after one-year of service. Once eligible, employer discretionary contributions, if any, are fully vested.

Retirement benefits expense was \$82,613 and \$70,712 for fiscal 2025 and 2024, respectively.

#### NOTE 10 – CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

##### Grants and Contracts

Expenditures made pursuant to the grants and contracts of Member Stations may be subject to additional audits by government agencies or their representatives. Certain grant amounts of Member Stations reflected in the financial statements of CoastAlaska have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

##### Excess Cash Balances

CoastAlaska has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). CoastAlaska has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

#### NOTE 11– SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

On August 1, 2025, the Corporation for Public Broadcasting (CPB) announced that it will begin an orderly wind-down of its operations following the passage of a federal rescissions package

COASTALASKA, INC.  
NOTES TO THE FINANCIAL STATEMENTS

and the release of the Senate Appropriations Committee's FY 2026 Labor, Health and Human Services, Education, and Related Agencies (Labor-H) appropriations bill, which excludes funding for CPB for the first time in more than five decades. CPB informed its employees that the majority of staff positions will conclude with the close of the fiscal year on September 30, 2025. A small transition team will remain through January 2026 to ensure a responsible and orderly closeout of operations. This will significantly impact the Organization's future operations by eliminating a key source of operating revenue.

COASTALASKA, INC.  
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER  
Year Ended June 30, 2025

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
<b>SUPPORT AND REVENUE</b>							
Membership revenue	\$ 312,785	\$ 169,863	\$ 134,750	\$ 52,118	\$ 542,856	\$ 48,710	\$ 1,261,082
Contributions of cash and financial assets	24,170	-	95	18,305	139	500	43,209
Contributions of nonfinancial assets	12,056	20,658	4,020	-	10,563	9,603	56,900
Underwriting revenue	82,176	70,781	84,440	37,769	258,525	28,329	562,020
Interest and investment loss	-	-	-	-	-	197,701	197,701
Engineering fees	-	-	-	-	-	94,827	94,827
Statewide programming	-	-	-	-	-	319,334	319,334
Production income	500	-	-	14,400	150	7,980	23,030
Miscellaneous income	1,563	-	-	-	27,202	3,500	32,265
Rental income	38,750	63,477	5,400	7,700	-	27,600	142,927
Sales income	30,302	-	8,694	1,874	-	130	41,000
Fee for accounting	-	-	-	-	-	260,887	260,887
Station services fees	-	-	-	-	-	25,765	25,765
CPB grants	178,595	222,956	285,300	282,728	202,154	164,710	1,336,443
Capital grants	267,682	-	6,748	-	-	69,633	344,063
Other operating grants	57,800	39,335	-	252,240	28,000	46,996	424,371
Fundraising revenues:							
Special events	22,758	2,449	366	2,250	32,791	3,438	64,052
Auction	-	-	-	315	-	-	315
Gaming	-	-	58,026	380	-	7,600	66,006
Total support and revenue	<u>1,029,137</u>	<u>589,519</u>	<u>587,839</u>	<u>670,079</u>	<u>1,102,380</u>	<u>1,317,243</u>	<u>5,296,197</u>
<b>EXPENSES</b>							
<b>PROGRAMMING EXPENSES</b>							
Salary and related expenses	238,219	190,432	214,200	345,413	272,676	197,310	1,458,250
Contract labor - programming	400	1,050	450	1,700	25,804	-	29,404
Production costs	148	211	148	558	403	254	1,722
Prog/prod travel	3,099	1,931	1,238	11,862	2,926	1,725	22,781
Music library	1,295	346	-	360	2,338	-	4,339
Audience survey	200	-	-	-	7,000	-	7,200
Affiliation fees	5,100	4,800	4,600	2,500	4,620	2,750	24,370
Program acquisitions	17,386	17,045	12,895	5,993	62,153	325,622	441,094
News services	-	-	-	-	6,906	-	6,906
Studio maintenance	281	352	-	-	470	-	1,103
In-kind - programming	726	3,253	-	-	-	-	3,979
Total programming expenses	<u>266,854</u>	<u>219,420</u>	<u>233,531</u>	<u>368,386</u>	<u>385,296</u>	<u>527,661</u>	<u>2,001,148</u>

(continued)

COASTALASKA, INC.  
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER  
Year Ended June 30, 2025

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
<b>TECHNICAL EXPENSES</b>							
Salary and related expenses	-	-	-	-	-	456,592	456,592
Transmission charges	11,768	11,256	10,562	2,600	11,768	12,958	60,912
Contract labor	-	2,325	-	-	43,988	25,936	72,249
Engineering supplies	83	968	60	249	25	3,721	5,106
Tech/broadcast travel	497	169	-	-	-	23,883	24,549
Translators' expenses	39	9,000	20,215	-	-	69	29,323
Computer hardware/software	7,140	2,947	837	5,932	17,640	33,183	67,679
Internet services	6,776	7,129	6,327	23,881	18,076	9,794	71,983
Broadcast equipment purchase	286	514	(1,017)	(181)	2,601	3,031	5,234
Broadcast equipment maintenance	2,059	7,423	133	460	16,610	9,589	36,274
In-kind - technical	175	5,229	4,020	-	2,163	-	11,587
Total technical expenses	28,823	46,960	41,137	32,941	112,871	578,756	841,488
<b>DEVELOPMENT EXPENSES</b>							
Salary and related expenses	69,784	95,124	2,615	10,307	1,820	205,524	385,174
Premiums	2,769	6,459	550	10,542	4,048	-	24,368
Contract labor	500	300	-	-	24,807	-	25,607
Advertising	499	-	140	27	-	1,310	1,976
Development travel	-	2,547	-	-	-	394	2,941
Printing	2,160	1,408	1,244	303	5,092	349	10,556
Special events	15,074	652	30,632	305	18,762	823	66,248
Retail inventory	3,765	-	10,601	-	-	108	14,474
Credit card fees	-	-	-	-	-	44,016	44,016
Volunteers	(1,062)	48	439	-	5	26	(544)
Bulk mail postage	1,209	484	408	94	2,006	175	4,376
In-kind - development	8,110	9,745	-	-	-	-	17,855
Total development expenses	102,808	116,767	46,629	21,578	56,540	252,725	597,047
<b>OCCUPANCY EXPENSES</b>							
Rent	-	-	-	(1,545)	97,268	42,321	138,044
Building maintenance	1,791	1,544	2,272	-	-	2,958	8,565
Automotive	5	-	-	290	-	-	295
Janitorial supplies	278	1,491	(167)	3,000	-	217	4,819
Telephone	8,389	4,530	4,615	5,822	-	2,402	25,758
Utilities	28,983	9,422	19,647	23,298	-	1,308	82,658
Insurance	18,824	21,783	13,455	2,871	-	18,330	75,263
In-kind - occupancy	3,000	1,807	-	-	8,400	1,620	14,827
Total occupancy expenses	61,270	40,577	39,822	33,736	105,668	69,156	350,229

(continued)

COASTALASKA, INC.  
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER  
Year Ended June 30, 2025

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
<b>ADMINISTRATIVE EXPENSES</b>							
Salary and related expenses	91,727	120,515	126,953	104,498	115,406	643,699	1,202,798
Office supplies	1,045	702	22	700	405	934	3,808
Administrative travel	1,435	3,321	1,014	4,556	-	8,872	19,198
Administrative staff training	631	-	100	-	1,175	-	1,906
Postage	687	920	784	1,212	936	2,392	6,931
Dues & subscriptions	4,346	889	1,217	1,314	2,368	15,065	25,199
Printing	-	-	267	-	-	-	267
Office equipment rental	-	-	-	-	-	789	789
Office equipment purchase	86	-	-	-	-	255	341
Contract labor	-	-	-	-	11,314	32,500	43,814
Board/admin	1,169	257	523	1,800	11,915	638	16,302
Audit	-	-	-	-	-	34,313	34,313
Legal fees	3,590	-	-	1,056	462	1,695	6,803
Taxes	1,535	-	-	-	-	2,345	3,880
Bank and investment consult fees	303	235	210	93	644	5,008	6,493
Depreciation expense	-	-	-	-	-	22,485	22,485
Other	181	-	-	-	12,500	8,982	21,663
In-kind - admin	45	624	-	-	-	7,983	8,652
Administrative expenses before CoastAlaska support	106,780	127,463	131,090	115,229	157,125	787,955	1,425,642
CoastAlaska support	173,734	102,130	105,909	142,896	209,259	(733,928)	-
<b>Total administrative expenses</b>	<b>280,514</b>	<b>229,593</b>	<b>236,999</b>	<b>258,125</b>	<b>366,384</b>	<b>54,027</b>	<b>1,425,642</b>
<b>Total expenses</b>	<b>740,269</b>	<b>653,317</b>	<b>598,118</b>	<b>714,766</b>	<b>1,026,759</b>	<b>1,482,325</b>	<b>5,215,554</b>
Revenue (deficit) in excess of expenses before capital items	288,868	(63,798)	(10,279)	(44,687)	75,621	(165,082)	80,643
<b>CAPITAL ITEMS</b>							
Assets capitalized by stations, net of deletions	(277,682)	(5,688)	(6,748)	(12,255)	-	-	(302,373)
Change in net assets	\$ 11,186	\$ (69,486)	\$ (17,027)	\$ (56,942)	\$ 75,621	\$ (165,082)	\$ (221,730)

COASTALASKA, INC.  
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER  
Year Ended June 30, 2024

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
<b>SUPPORT AND REVENUE</b>							
Membership revenue	\$ 271,246	\$ 142,236	\$ 119,370	\$ 47,291	\$ 490,211	\$ 43,570	\$ 1,113,924
Contributions of cash and financial assets	19,360	900	155	33,334	225	1,400	55,374
Contributions of nonfinancial assets	5,275	10,754	17,568	-	2,006	18,964	54,567
Underwriting revenue	84,040	75,053	86,107	47,909	249,188	35,407	577,704
Interest and investment income	-	-	-	-	-	230,881	230,881
Engineering fees	-	-	-	-	-	77,977	77,977
Statewide programming	-	-	-	-	-	307,927	307,927
Production income	-	-	-	34,400	-	7,120	41,520
Miscellaneous income	-	1	138	-	16	16,234	16,389
Rental income	38,400	59,506	5,450	21,600	-	26,447	151,403
Sales income	25,319	200	3,859	1,370	30	405	31,183
Fee for accounting	-	-	-	-	-	186,978	186,978
Station service fees	-	-	-	-	-	25,765	25,765
CPB grants	159,660	282,103	230,214	408,625	343,236	219,487	1,643,325
Capital grants	200,000	13,000	-	-	-	-	213,000
Other operating grants	2,796	40,898	4,694	155,171	31,500	10,966	246,025
Fundraising revenues:							
Special events	5,135	2,486	-	9,400	-	820	17,841
Auction	-	-	150	-	-	12,249	12,399
Gaming	-	-	48,223	615	-	7,380	56,218
Total support and revenue	<u>811,231</u>	<u>627,137</u>	<u>515,928</u>	<u>759,715</u>	<u>1,116,412</u>	<u>1,229,977</u>	<u>5,060,400</u>
<b>EXPENSES</b>							
<b>PROGRAMMING EXPENSES</b>							
Salary and related expenses	272,919	194,038	184,752	389,794	258,369	187,918	1,487,790
Contract labor - programming	100	2,063	-	2,084	19,400	300	23,947
Production costs	256	200	120	1,149	73	240	2,038
Prog/prod travel	8,815	1,783	394	1,692	-	4,267	16,951
Music library	1,253	317	-	1,309	2,305	-	5,184
Audience survey	-	-	-	-	7,000	-	7,000
Affiliation fees	5,100	4,800	4,500	3,750	5,275	2,735	26,160
Program acquisitions	16,820	19,649	12,435	8,128	61,804	314,593	433,429
News services	-	-	-	-	6,331	-	6,331
Outreach	-	14	-	-	-	-	14
In-kind - programming	1,275	533	996	-	1,250	-	4,054
Total programming expenses	<u>306,538</u>	<u>223,397</u>	<u>203,197</u>	<u>407,906</u>	<u>361,807</u>	<u>510,053</u>	<u>2,012,898</u>

(continued)

COASTALASKA, INC.  
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER  
Year Ended June 30, 2024

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
<b>TECHNICAL EXPENSES</b>							
Salary and related expenses	-	-	-	-	-	452,919	452,919
Transmission charges	11,315	11,234	10,419	-	11,315	11,315	55,598
Contract labor	500	500	500	500	55,817	24,740	82,557
Engineering supplies	159	23	59	466	-	3,127	3,834
Tech/broadcast travel	1,377	-	-	2,966	3,589	11,291	19,223
Translators' expenses	(261)	9,000	18,606	-	183	2,058	29,586
Computer hardware/software	6,477	1,017	1,135	5,095	21,387	31,697	66,808
Internet services	4,664	5,568	4,982	14,801	38,315	9,698	78,028
Broadcast equipment purchase	10,346	860	2,325	3,334	29,197	3,299	49,361
Broadcast equipment maintenance	3,589	2,041	14,651	200	12,453	3,701	36,635
In-kind - technical	1,000	4,020	4,020	-	756	-	9,796
Total technical expenses	39,166	34,263	56,697	27,362	173,012	553,845	884,345
<b>DEVELOPMENT EXPENSES</b>							
Salary and related expenses	74,537	83,274	-	9,116	-	148,225	315,152
Premiums	6,509	5,111	-	11,249	6,250	-	29,119
Contract labor	883	600	-	-	19,111	-	20,594
Advertising	299	-	294	-	-	1,218	1,811
Development travel	-	-	-	-	2,654	572	3,226
Printing	2,284	1,162	827	504	4,149	362	9,288
Special events	56	474	11,433	5,427	86	744	18,220
Retail inventory	-	-	2,518	-	-	611	3,129
Credit card fees	-	-	-	-	-	32,957	32,957
Volunteers	39	-	-	497	865	489	1,890
Bulk mail postage	1,031	479	744	183	2,639	358	5,434
In-kind - development	-	5,733	8,326	-	-	792	14,851
Total development expenses	85,638	96,833	24,142	26,976	35,754	186,328	455,671
<b>OCCUPANCY EXPENSES</b>							
Rent	-	-	-	-	96,908	35,535	132,443
Building maintenance	6,105	8,613	2,777	-	551	638	18,684
Automotive	-	-	-	905	-	-	905
Janitorial supplies	177	240	576	3,000	-	291	4,284
Telephone	5,856	3,817	4,215	7,656	-	2,965	24,509
Utilities	32,268	11,675	17,684	26,030	-	1,693	89,350
Insurance	14,818	6,610	8,598	2,823	-	27,701	60,550
In-kind - occupancy	3,000	-	107	-	-	18,172	21,279
Total occupancy expenses	62,224	30,955	33,957	40,414	97,459	86,995	352,004

(continued)

COASTALASKA, INC.  
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER  
Year Ended June 30, 2024

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
<b>ADMINISTRATIVE EXPENSES</b>							
Salary and related expenses	37,292	125,644	73,771	110,824	140,936	634,581	1,123,048
Office supplies	954	572	1,832	653	374	826	5,211
Administrative travel	152	404	392	4,224	56	10,231	15,459
Administrative staff training	-	-	-	-	4,014	-	4,014
Postage	1,998	1,455	756	1,258	1,218	2,450	9,135
Dues & subscriptions	4,525	802	882	1,015	414	11,208	18,846
Office equipment rental	-	-	-	-	-	1,589	1,589
Office equipment purchase	(4,155)	-	34	-	-	898	(3,223)
Contract labor	(100)	-	-	-	10,500	20,500	30,900
Board/admin	7,866	929	30	1,273	19,151	-	29,249
Audit	-	-	-	-	-	32,266	32,266
Legal fees	2,728	-	-	708	-	1,680	5,116
Taxes	687	-	-	-	-	2,345	3,032
Bank and investment consult fees	46	247	231	86	699	24,666	25,975
Depreciation expense	-	-	-	-	-	22,970	22,970
In-kind - admin	-	468	4,119	-	-	-	4,587
Administrative expenses before CoastAlaska support	51,993	130,521	83,947	120,041	177,833	773,212	1,337,547
CoastAlaska support	184,329	125,032	116,153	142,404	272,908	(840,826)	-
<b>Total administrative expenses</b>	<b>236,322</b>	<b>255,553</b>	<b>200,100</b>	<b>262,445</b>	<b>450,741</b>	<b>(67,614)</b>	<b>1,337,547</b>
<b>Total expenses</b>	<b>729,888</b>	<b>641,001</b>	<b>518,093</b>	<b>765,103</b>	<b>1,118,773</b>	<b>1,269,607</b>	<b>5,042,465</b>
Revenue (deficit) in excess of expenses before capital items	81,343	(13,864)	(2,165)	(5,388)	(2,361)	(39,630)	17,935
<b>CAPITAL ITEMS</b>							
Assets capitalized by stations, net of deletions	(103,337)	(5,498)	(5,600)	-	-	-	(114,435)
Change in net assets	\$ (21,994)	\$ (19,362)	\$ (7,765)	\$ (5,388)	\$ (2,361)	\$ (39,630)	\$ (96,500)



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Raven Radio Foundation, Inc.

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

#### *Opinion*

We have audited the financial statements of Raven Radio Foundation, Inc. (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Raven Radio Foundation, 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility for 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 the Corporation'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 the Corporation's ability to continue as a going concern for a reasonable period of time.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2025 and 2024, appearing on pages 18-23, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Elgee Rehfeld*

October 14, 2025

RAVEN RADIO FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Property and equipment, net	<u>\$ 1,135,632</u>	<u>\$ 893,353</u>
<b>Total assets</b>	<u><u>\$ 1,135,632</u></u>	<u><u>\$ 893,353</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Net assets -		
Without donor restrictions	<u>\$ 1,135,632</u>	<u>\$ 893,353</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,135,632</u></u>	<u><u>\$ 893,353</u></u>

*The accompanying notes to financial statements are an integral part of these statements.*

RAVEN RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Public support, revenue and other gains:		
Support from CoastAlaska for		
equipment repairs and replacements	\$ 277,682	\$ 103,337
Contributions of cash and other financial assets	24,170	19,360
Contributions of nonfinancial assets	12,056	5,275
Membership	312,785	271,246
Government and CPB operating grants	446,277	359,660
Underwriting income	82,176	84,040
Rental, special events and other income	93,373	68,854
Royalties and production income	500	-
Other operating grants	<u>57,800</u>	<u>2,796</u>
Total public support, revenue and other gains	<u>1,306,819</u>	<u>914,568</u>
Administrative expenses:		
Pass-through funding to CoastAlaska	1,029,137	811,231
Depreciation	<u>35,403</u>	<u>34,720</u>
Total administrative expenses	<u>1,064,540</u>	<u>845,951</u>
Change in net assets without donor restrictions	242,279	68,617
NET ASSETS, beginning of year	<u>893,353</u>	<u>824,736</u>
NET ASSETS, end of year	<u>\$ 1,135,632</u>	<u>\$ 893,353</u>

*The accompanying notes to financial statements are an integral part of these statements.*

RAVEN RADIO FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
<b>RECONCILIATION OF THE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets without donor restrictions	\$ 242,279	\$ 68,617
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities - Depreciation	<u>35,403</u>	<u>34,720</u>
Net cash provided by operating activities	<u>277,682</u>	<u>103,337</u>
<b>Cash flows from investing activities -</b>		
Cash paid for fixed assets and capital improvements, net	<u>(277,682)</u>	<u>(103,337)</u>
Net cash used for investing activities	<u>(277,682)</u>	<u>(103,337)</u>
Net change in cash	-	-
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes to financial statements are an integral part of these statements.*

RAVEN RADIO FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2025 and 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and CoastAlaska, Inc.

Raven Radio Foundation, Inc. (the Corporation) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KCAW-FM in Sitka, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

## RAVEN RADIO FOUNDATION, INC.

### NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

#### Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

*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 Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### Revenue Recognition

##### *Contributions of Cash and Other Financial Assets*

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

## RAVEN RADIO FOUNDATION, INC.

### NOTES TO THE FINANCIAL STATEMENTS

#### *Contributions of Nonfinancial Assets*

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

#### *Membership*

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

#### *Grant Revenue*

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

#### *Underwriting Income*

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

#### *Rental, Special Events and Other Income*

Revenue from rented building space, special events, and merchandise sales are recorded when earned. Revenue from rentals are recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

RAVEN RADIO FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

*Royalties and Production Income*

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

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.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2025 and 2024. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

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. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

RAVEN RADIO FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2025	2024
Advertising	\$ 3,956	\$ -
Professional services	3,900	-
Transmission	3,000	3,000
Travel and transportation	726	1,275
Supplies and equipment	475	1,000
	<hr/> <u>\$ 12,057</u>	<hr/> <u>\$ 5,275</u>

The Corporation recognized contributions of nonfinancial assets within revenue, including advertising, professional services, transmission, travel and transportation, and supplies and equipment. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Advertising consists of media sponsorships provided by local organizations on behalf of the Corporation. The Corporation estimated fair value on the basis of values that would be received for selling advertising to clients.

Professional services are the operation of retail sales that are used to support program activities. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Transmission consists of internet services to support the Corporation's technical activities. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Travel and transportation consists of travel and lodging provided by various organizations. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

Supplies and equipment is composed of miscellaneous items such as coffee, bike rentals, retail inventory, and donated broadcast equipment. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to similar equipment.

RAVEN RADIO FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 – PROPERTY AND EQUIPMENT**

Major classifications of property and equipment at June 30, 2025 and 2024 are summarized below:

	2025	2024
Land	\$ 497,312	\$ 497,312
Building and improvements	837,965	837,965
Broadcasting, production and programming equipment	503,216	503,216
Office fixtures and equipment	10,538	10,538
Work in progress	375,568	97,886
	<hr/>	<hr/>
	2,224,599	1,946,917
Less accumulated depreciation	(1,088,967)	(1,053,564)
	<hr/>	<hr/>
	\$ 1,135,632	\$ 893,353

Depreciation expense was \$35,403 and \$34,720 for fiscal years ended June 30, 2025 and 2024, respectively.

**NOTE 4 – OPERATING LEASES**

Operating leases arise from the leasing of the Corporation's building space to customers. Lease terms range between 1 and 5 years. Rental income from these leases for the years ended June 30, 2025 and 2024 was \$38,750 and \$38,400, respectively, and is included in rental, special events and other income in the statements of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2025:

Year Ending June 30,	
2026	\$ 40,200
2027	26,500
2028	-
2029	-
2030	-
Thereafter	<hr/>
	\$ 66,700

RAVEN RADIO FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5 – CONTINGENCIES**

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

**NOTE 6 – SUBSEQUENT EVENTS**

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

On August 1, 2025, the Corporation for Public Broadcasting (CPB) announced that it will begin an orderly wind-down of its operations following the passage of a federal rescissions package and the release of the Senate Appropriations Committee's FY 2026 Labor, Health and Human Services, Education, and Related Agencies (Labor-H) appropriations bill, which excludes funding for CPB for the first time in more than five decades. CPB informed its employees that the majority of staff positions will conclude with the close of the fiscal year on September 30, 2025. A small transition team will remain through January 2026 to ensure a responsible and orderly closeout of operations. This will significantly impact the Corporation's future operations by eliminating a key source of operating revenue.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Narrows Broadcasting Corporation

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

#### *Opinion*

We have audited the financial statements of Narrows Broadcasting Corporation (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Narrows Broadcasting Corporation 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility for 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 the Corporation'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 the Corporation'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2025 and 2024, appearing on pages 18-23, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Elgee Rehfeld*

October 14, 2025

## NARROWS BROADCASTING CORPORATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Property and equipment, net	<u>\$ 191,339</u>	<u>\$ 207,943</u>
<b>Total assets</b>	<u><u>\$ 191,339</u></u>	<u><u>\$ 207,943</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Net assets -		
Without donor restrictions	<u>\$ 191,339</u>	<u>\$ 207,943</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 191,339</u></u>	<u><u>\$ 207,943</u></u>

*The accompanying notes to financial statements are an integral part of these statements.*

NARROWS BROADCASTING CORPORATION

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Public support, revenue and other gains:		
Support from CoastAlaska for		
equipment repairs and replacements	\$ 5,688	\$ 5,498
Contributions of cash and other financial assets	-	900
Contributions of nonfinancial assets	20,658	10,754
Membership	169,863	142,236
Government and CPB operating grants	222,956	295,103
Underwriting income	70,781	75,053
Rental, special events and other income	65,926	62,193
Other operating grants	39,335	40,898
Total public support, revenue and other gains	<u>595,207</u>	<u>632,635</u>
Administrative expenses:		
Pass-through funding to CoastAlaska	589,519	627,137
Depreciation	<u>22,292</u>	<u>22,050</u>
Total administrative expenses	<u>611,811</u>	<u>649,187</u>
Change in net assets without donor restrictions	(16,604)	(16,552)
NET ASSETS, beginning of year	<u>207,943</u>	<u>224,495</u>
NET ASSETS, end of year	<u>\$ 191,339</u>	<u>\$ 207,943</u>

*The accompanying notes to financial statements are an integral part of these statements.*

NARROWS BROADCASTING CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
<b>RECONCILIATION OF THE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets without donor restrictions	\$ (16,604)	\$ (16,552)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities - Depreciation	<u>22,292</u>	<u>22,050</u>
Net cash provided by operating activities	<u>5,688</u>	<u>5,498</u>
<b>Cash flows from investing activities -</b>		
Cash paid for fixed assets and capital improvements, net	<u>(5,688)</u>	<u>(5,498)</u>
Net cash used for investing activities	<u>(5,688)</u>	<u>(5,498)</u>
Net change in cash	-	-
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes to financial statements are an integral part of these statements.*

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and CoastAlaska, Inc.

Narrows Broadcasting Corporation (the Corporation) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KFSK-FM in Petersburg, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

## NARROWS BROADCASTING CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

#### Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

*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 Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### Revenue Recognition

##### *Contributions of Cash and Other Financial Assets*

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

## NARROWS BROADCASTING CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

#### *Contributions of Nonfinancial Assets*

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

#### *Membership*

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

#### *Grant Revenue*

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

#### *Underwriting Income*

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Unearned underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

#### *Rental, Special Events and Other Income*

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Unearned revenues are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### *Royalties and Production Income*

Revenue from royalties and television production is recognized at a point in time as the performance obligation is performed for the amount of the contract and is recorded when

## NARROWS BROADCASTING CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

earned. Unearned revenues are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### 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.

#### Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from four to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

#### Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

#### Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2025 and 2024. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

#### 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. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2025	2024
Advertising	\$ 6,894	\$ 1,888
Transmission	5,229	4,020
Supplies and equipment	3,966	4,396
Occupancy	2,975	450
Travel and transportation	1,595	-
	<hr/>	<hr/>
	\$ 20,659	\$ 10,754

The Corporation recognized contributions of nonfinancial assets within revenue, including advertising, transmission, supplies and equipment, occupancy, and travel and transportation. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Advertising consists of media sponsorships provided by local businesses on behalf of the Corporation. The Corporation estimated fair value on the basis of values that would be received for selling advertising to clients.

Transmission consists of translator space and internet services to support the Corporation's technical activities. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar services.

Supplies and equipment consists of catered food for staff, weekly trivia prizes, and coffee. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be received for purchasing similar products.

Occupancy consists of use of storage space. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar storage rental services.

Travel and transportation consists of travel and lodging provided by various organizations. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 – PROPERTY AND EQUIPMENT**

Major classifications of property and equipment at June 30, 2025 and 2024 are summarized below:

	2025	2024
Land	\$ 25,000	\$ 25,000
Building and improvements	543,816	543,816
Broadcasting, production and programming equipment	570,904	565,215
Office fixtures and equipment	19,810	19,810
	<u>1,159,530</u>	<u>1,153,841</u>
Less accumulated depreciation	(968,191)	(945,898)
	<u>\$ 191,339</u>	<u>\$ 207,943</u>

Depreciation expense was \$22,292 and \$22,050 for fiscal years ended June 30, 2025 and 2024, respectively.

**NOTE 4 – OPERATING LEASES**

Operating leases arise from the leasing of the Corporation's tower space to customers. Initial lease terms are for 5 years. Rental income from these leases for the years ended June 30, 2025 and 2024 was \$63,477 and \$59,506, respectively, and are included in rental, special events and other income in the statements of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2025:

Year Ending June 30,	
2026	\$ 63,816
2027	27,828
2028	28,656
2029	29,520
2030	30,408
Thereafter	<u>39,150</u>
	<u>\$ 219,378</u>

**NOTE 5 – CONTINGENCIES**

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

**NOTE 6 – SUBSEQUENT EVENTS**

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

On August 1, 2025, the Corporation for Public Broadcasting (CPB) announced that it will begin an orderly wind-down of its operations following the passage of a federal rescissions package and the release of the Senate Appropriations Committee's FY 2026 Labor, Health and Human Services, Education, and Related Agencies (Labor-H) appropriations bill, which excludes funding for CPB for the first time in more than five decades. CPB informed its employees that the majority of staff positions will conclude with the close of the fiscal year on September 30, 2025. A small transition team will remain through January 2026 to ensure a responsible and orderly closeout of operations. This will significantly impact the Corporation's future operations by eliminating a key source of operating revenue.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rainbird Community Broadcasting Corporation

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

#### *Opinion*

We have audited the financial statements of Rainbird Community Broadcasting Corporation (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility for 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 the Corporation'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 the Corporation'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2025 and 2024, appearing on pages 18-23, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Elgee Rehfeld*

October 14, 2025

## RAINBIRD COMMUNITY BROADCASTING CORPORATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Property and equipment, net	<u>\$ 380,340</u>	<u>\$ 400,348</u>
<b>Total assets</b>	<u><u>\$ 380,340</u></u>	<u><u>\$ 400,348</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Net assets -		
Without donor restrictions	<u>\$ 380,340</u>	<u>\$ 400,348</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 380,340</u></u>	<u><u>\$ 400,348</u></u>

*The accompanying notes to financial statements are an integral part of these statements.*

RAINBIRD COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Public support, revenue and other gains:		
Support from CoastAlaska for		
equipment repairs and replacements	\$ 6,748	\$ 5,600
Contributions of cash and other financial assets	95	155
Contributions of nonfinancial assets	4,020	17,568
Membership	134,750	119,370
Government and CPB operating grants	292,048	230,214
Underwriting income	84,440	86,107
Rental, special events and other income	72,486	57,820
Other operating grants	-	4,694
	<hr/> 594,587	<hr/> 521,528
Administrative expenses:		
Pass-through funding to CoastAlaska	587,839	515,928
Depreciation	<hr/> 26,756	<hr/> 26,756
	<hr/> 614,595	<hr/> 542,684
Change in net assets without donor restrictions	(20,008)	(21,156)
NET ASSETS, beginning of year	<hr/> 400,348	<hr/> 421,504
NET ASSETS, end of year	<hr/> \$ 380,340	<hr/> \$ 400,348

*The accompanying notes to financial statements are an integral part of these statements.*

## RAINBIRD COMMUNITY BROADCASTING CORPORATION

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
<b>RECONCILIATION OF THE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets without donor restrictions	\$ (20,008)	\$ (21,156)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities - Depreciation	<u>26,756</u>	<u>26,756</u>
Net cash provided by operating activities	<u>6,748</u>	<u>5,600</u>
<b>Cash flows from investing activities -</b>		
Cash paid for fixed assets and capital improvements, net	<u>(6,748)</u>	<u>(5,600)</u>
Net cash used for investing activities	<u>(6,748)</u>	<u>(5,600)</u>
Net change in cash	-	-
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes to financial statements are an integral part of these statements.*

# RAINBIRD COMMUNITY BROADCASTING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and CoastAlaska, Inc.

Rainbird Community Broadcasting Corporation (the Corporation) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KRBD-FM in Ketchikan, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

## RAINBIRD COMMUNITY BROADCASTING CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

#### Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

*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 Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### Revenue Recognition

##### *Contributions of Cash and Other Financial Assets*

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

## RAINBIRD COMMUNITY BROADCASTING CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

#### *Contributions of Nonfinancial Assets*

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

#### *Membership*

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

#### *Grant Revenue*

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

#### *Underwriting Income*

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

#### *Rental, Special Events and Other Income*

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

## RAINBIRD COMMUNITY BROADCASTING CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

#### *Royalties and Production Income*

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### 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.

#### Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from four to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

#### Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

#### Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2025 and 2024. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

#### 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. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2025	2024
Transmission	\$ 4,020	\$ 4,020
Advertising	-	8,326
Supplies and equipment	-	2,426
Other	-	1,800
Travel and transportation	-	996
	<hr/> <u>\$ 4,020</u>	<hr/> <u>\$ 17,568</u>

The Corporation recognized contributions of nonfinancial assets within revenue, including transmission, advertising, supplies and equipment, other services, and travel and transportation. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Transmission consists of internet services. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be received for purchasing similar products.

Advertising consists of media sponsorships provided by local businesses on behalf of the Corporation. The Corporation estimated fair value on the basis of values that would be received for selling advertising to clients.

Supplies and equipment consists of janitorial supplies, bottled water, coffee, and paper received from local companies. Supplies and equipment are valued and are reported at the estimated fair value on the basis of estimates of wholesale values that would be paid to purchase similar items.

Other services is composed of a chamber of commerce membership. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be received for purchasing similar products.

Travel and transportation consists of travel and lodging provided by various organizations. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

*This space left intentionally blank.*

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 – PROPERTY AND EQUIPMENT**

Major classifications of property and equipment at June 30, 2025 and 2024 are summarized below:

	2025	2024
Land	\$ 130,900	\$ 130,900
Building and improvements	579,548	579,548
Broadcasting, production and programming equipment	560,306	560,306
Office fixtures and equipment	9,700	9,700
Work in progress	6,748	-
	<hr/>	<hr/>
	1,287,202	1,280,454
Less accumulated depreciation	<hr/>	<hr/>
	(906,862)	(880,106)
	<hr/>	<hr/>
	<u>\$ 380,340</u>	<u>\$ 400,348</u>

Depreciation expense was \$26,756 and \$26,756 for fiscal years ended June 30, 2025 and 2024, respectively.

**NOTE 4 – OPERATING LEASES**

Operating leases arise from the leasing of the Corporation's tower space to customers. Lease terms are for 1 year. Rental income from these leases for the years ended June 30, 2025 and 2024 was \$5,400 and \$5,450, respectively, and are included in rental, special events and other income in the statements of activities.

There are no annual undiscounted cash flows of operating lease payments to be received as of June 30, 2025.

**NOTE 5 – CONTINGENCIES**

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

**NOTE 6 – SUBSEQUENT EVENTS**

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

On August 1, 2025, the Corporation for Public Broadcasting (CPB) announced that it will begin an orderly wind-down of its operations following the passage of a federal rescissions package and the release of the Senate Appropriations Committee's FY 2026 Labor, Health and Human Services, Education, and Related Agencies (Labor-H) appropriations bill, which excludes funding for CPB for the first time in more than five decades. CPB informed its employees that the majority of staff positions will conclude with the close of the fiscal year on September 30, 2025. A small transition team will remain through January 2026 to ensure a responsible and orderly closeout of operations. This will significantly impact the Corporation's future operations by eliminating a key source of operating revenue.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Unalaska Community Broadcasting, Inc.

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

#### *Opinion*

We have audited the accompanying financial statements of Unalaska Community Broadcasting, Inc. (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility for 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 the Corporation'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 the Corporation'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2025 and 2024 appearing on pages 18-23, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Elgee Rehfeld*

October 14, 2025

## UNALASKA COMMUNITY BROADCASTING, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Property and equipment, net	<u>\$ 35,465</u>	<u>\$ 30,303</u>
<b>Total assets</b>	<u><u>\$ 35,465</u></u>	<u><u>\$ 30,303</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Net assets -		
Without donor restrictions	<u>\$ 35,465</u>	<u>\$ 30,303</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 35,465</u></u>	<u><u>\$ 30,303</u></u>

*The accompanying notes to financial statements are an integral part of these statements.*

UNALASKA COMMUNITY BROADCASTING, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Public support, revenue and other gains:		
Support from CoastAlaska for		
equipment repairs and replacements	\$ 12,255	\$ -
Contributions of cash and other financial assets	18,305	33,334
Membership	52,118	47,291
Government and CPB operating grants	282,728	408,625
Underwriting income	37,769	47,909
Rental, special events and other income	12,519	32,985
Royalties and production income	14,400	34,400
Other operating grants	252,240	155,171
Total public support, revenue and other gains	<u>682,334</u>	<u>759,715</u>
Administrative expenses:		
Pass-through funding to CoastAlaska	670,079	759,715
Depreciation	<u>7,093</u>	<u>12,640</u>
Total administrative expenses	<u>677,172</u>	<u>772,355</u>
Change in net assets without donor restrictions	5,162	(12,640)
NET ASSETS, beginning of year	<u>30,303</u>	<u>42,943</u>
NET ASSETS, end of year	<u>\$ 35,465</u>	<u>\$ 30,303</u>

*The accompanying notes to financial statements are an integral part of these statements.*

## UNALASKA COMMUNITY BROADCASTING, INC.

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
<b>RECONCILIATION OF THE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets without donor restrictions	\$ 5,162	\$ (12,640)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities - Depreciation	<u>7,093</u>	<u>12,640</u>
Net cash provided by operating activities	<u>12,255</u>	<u>-</u>
Cash flows from investing activities -		
Cash paid for fixed assets and capital improvements, net	<u>(12,255)</u>	<u>-</u>
Net cash used for investing activities	<u>(12,255)</u>	<u>-</u>
Net change in cash	<u>-</u>	<u>-</u>
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

*The accompanying notes to financial statements are an integral part of these statements.*

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and CoastAlaska, Inc.

Unalaska Community Broadcasting, Inc. (the Corporation or KUCB) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KUCB-FM in Unalaska, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

## UNALASKA COMMUNITY BROADCASTING, INC.

### NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

#### Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

*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 Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### Revenue Recognition

##### *Contribution of Cash and Other Financial Assets*

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

##### *Contributions of Nonfinancial Assets*

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require

## UNALASKA COMMUNITY BROADCASTING, INC.

### NOTES TO THE FINANCIAL STATEMENTS

specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

#### *Membership*

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

#### *Grant Revenue*

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

#### *Underwriting Income*

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

#### *Rental, Special Events and Other Income*

Revenue from rented building space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

#### *Royalties and Production Income*

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

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.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from four to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal year ended June 30, 2025 and 2024. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

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. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

# UNALASKA COMMUNITY BROADCASTING, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2025 and 2024 are summarized below:

	2025	2024
Broadcasting, production and programming equipment	\$ 343,400	\$ 337,902
Work in progress	6,757	-
Less accumulated depreciation	<u>(314,692)</u>	<u>(307,599)</u>
	<u><u>\$ 35,465</u></u>	<u><u>\$ 30,303</u></u>

Depreciation expense was \$7,093 and \$12,640 for the years ended June 30, 2025 and 2024, respectively.

### NOTE 3 – CONTINGENCIES

#### Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

### NOTE 4 – SUBSEQUENT EVENTS

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

On August 1, 2025, the Corporation for Public Broadcasting (CPB) announced that it will begin an orderly wind-down of its operations following the passage of a federal rescissions package and the release of the Senate Appropriations Committee's FY 2026 Labor, Health and Human Services, Education, and Related Agencies (Labor-H) appropriations bill, which excludes funding for CPB for the first time in more than five decades. CPB informed its employees that the majority of staff positions will conclude with the close of the fiscal year on September 30, 2025. A small transition team will remain through January 2026 to ensure a responsible and orderly closeout of operations. This will significantly impact the Corporation's future operations by eliminating a key source of operating revenue.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
KTOO Music and Arts, LLC

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

#### *Opinion*

We have audited the accompanying financial statements of KTOO Music and Arts, LLC (KTOO FM), a not-for-profit limited liability company, which comprise the statements of activities as of June 30, 2025, and 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the changes in its net assets for the years ended June 30, 2025 and 2024 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 for the Audit of the Financial Statements section of our report. We are required to be independent of KTOO FM 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 KTOO FM's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility for 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 KTOO FM'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 KTOO FM'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2025 and 2024, appearing on pages 18-23, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Elgee Rehfeld*

October 14, 2025

KTOO MUSIC AND ARTS, LLC

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Public support, revenue and other gains:		
Contributions of cash and other financial assets	\$ 139	\$ 225
Contributions of nonfinancial assets	10,563	2,006
Membership	542,856	490,211
Government and CPB operating grants	202,154	343,236
Underwriting income	258,525	249,188
Rental, special events and other income	59,993	46
Royalties and production income	150	-
Other operating grants	28,000	31,500
Total public support, revenue and other gains	<u>1,102,380</u>	<u>1,116,412</u>
Administrative expenses:		
Pass-through funding to CoastAlaska	<u>1,102,380</u>	<u>1,116,412</u>
Total administrative expenses	<u>1,102,380</u>	<u>1,116,412</u>
Change in net assets without donor restrictions	-	-
NET ASSETS, beginning of year	-	-
NET ASSETS, end of year	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes to financial statements are an integral part of these statements.*

KTOO MUSIC AND ARTS, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2025 and 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and CoastAlaska, Inc.

KTOO Music and Arts, LLC (the Company) is a not-for-profit Alaskan limited liability company, which operates a noncommercial public FM radio station (KTOO FM in Juneau, Alaska), as described below.

On July 1, 1998 five non-profit Alaska corporations, which operate five noncommercial public radio stations and one noncommercial public television station in Southeast Alaska, formed CoastAlaska, Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

## KTOO MUSIC AND ARTS, LLC

### NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

#### Basis Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Company to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Company. These net assets may be used at the discretion of the Company's management and the board of directors.

*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 Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Company also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### Revenue Recognition

##### *Contributions of Cash and Other Financial Assets*

The Company may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Company recognizes revenue only after the conditions are substantially met. Should the Company substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Company has elected to recognize the revenue in net assets without donor restrictions.

KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

*Contributions of Nonfinancial Assets*

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Company. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

*Membership*

Membership contributions are considered available for the Company's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

*Grant Revenue*

Grants or contracts awarded to the Company from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Grant receivables are recorded for unreimbursed expenses incurred for the purposes specified by the awarding agency. Funding received in advance of incurring allowable expenses are recorded as a refundable advance, if any.

*Underwriting Income*

Revenue from program underwriting is recognized when the Company satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position, if any. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectible.

*Rental, Special Events and Other Income*

Revenue from rented studio space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position, if any. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

KTOO MUSIC AND ARTS, LLC  
NOTES TO THE FINANCIAL STATEMENTS

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.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Company's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Company qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2025 and 2024. The Company qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

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. The Company's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska.

**NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2025	2024
Transmission	\$ 8,400	\$ -
Travel and transportation	2,163	2,006
	<hr/> <u>\$ 10,563</u>	<hr/> <u>\$ 2,006</u>

The Company recognized contributions of nonfinancial assets within revenue, including transmission and travel and transportation. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Transmission consists of internet services. The Company estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar services.

Travel and transportation consists of travel and lodging provided by various organizations. The Company estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

KTOO MUSIC AND ARTS, LLC  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 – CONTINGENCIES**

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies. Certain grant amounts of the Company reflected in the financial statements of the Company have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

**NOTE 4 – SUBSEQUENT EVENTS**

The Company's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

On August 1, 2025, the Corporation for Public Broadcasting (CPB) announced that it will begin an orderly wind-down of its operations following the passage of a federal rescissions package and the release of the Senate Appropriations Committee's FY 2026 Labor, Health and Human Services, Education, and Related Agencies (Labor-H) appropriations bill, which excludes funding for CPB for the first time in more than five decades. CPB informed its employees that the majority of staff positions will conclude with the close of the fiscal year on September 30, 2025. A small transition team will remain through January 2026 to ensure a responsible and orderly closeout of operations. This will significantly impact the Company's future operations by eliminating a key source of operating revenue.