

# All Classical Radio

## FINANCIAL STATEMENTS

Year Ended June 30, 2025



# ALL CLASSICAL RADIO

## Financial Statements

Year Ended June 30, 2025

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### Table of Contents

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
All Classical Radio

### **Opinion**

We have audited the accompanying financial statements of All Classical Radio (a non-profit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

*Aldrich CPAs + Advisors LLP*

Lake Oswego, Oregon  
April 28, 2026

**ALL CLASSICAL RADIO**  
**Statement of Financial Position**  
June 30, 2025

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**ASSETS**

Cash and cash equivalents	\$ 1,878,834
Accounts receivable, net of allowance for doubtful accounts of \$7,500	218,795
Pledges receivable	1,510,963
Prepaid expenses and other assets	254,176
Investments	3,253,454
Beneficial interest in assets	449,118
Property and equipment, net of accumulated depreciation	11,086,270
Broadcast licenses	5,687,113
Right-of-use asset - operating leases, net of accumulated amortization	<u>8,365,177</u>
 Total Assets	 \$ <u><u>32,703,900</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable	\$ 186,260
Accrued expenses	112,592
Deferred revenue	32,485
Line of credit	85,000
Long-term debt	1,368,416
Operating lease liability	<u>10,647,409</u>
 Total Liabilities	 12,432,162

Net Assets:

Without donor restrictions:	
Board-designated	1,742,296
Undesignated	16,835,500
With donor restrictions	<u>1,693,942</u>
 Total Net Assets	 <u>20,271,738</u>
 Total Liabilities and Net Assets	 \$ <u><u>32,703,900</u></u>

# ALL CLASSICAL RADIO

## Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 3,966,653	\$ 702,772	\$ 4,669,425
Underwriting	670,240	-	670,240
Investment return, net	377,126	-	377,126
Contributed non-financial assets	180,459	-	180,459
Other	86,999	-	86,999
Change in value of beneficial interest in assets	46,077	-	46,077
Net assets released from restrictions, satisfaction of program restrictions	853,268	(853,268)	-
Total Revenue and Support	6,180,822	(150,496)	6,030,326
Program and Supporting Expenses:			
Program services:			
Production	2,362,088	-	2,362,088
Platforms	1,389,486	-	1,389,486
Promotion	483,374	-	483,374
Supporting services:			
Fundraising	795,978	-	795,978
Management and general	608,855	-	608,855
Underwriting	431,082	-	431,082
Total Program and Supporting Expenses	6,070,863	-	6,070,863
Change in Net Assets	109,959	(150,496)	(40,537)
Other Revenue (Expenses):			
Capital campaign contributions	70,486	3,062,402	3,132,888
Capital campaign expenses	(538,565)	-	(538,565)
Net assets released from restrictions	4,322,653	(4,322,653)	-
Total Other Revenue (Expenses)	3,854,574	(1,260,251)	2,594,323
Increase (Decrease) in Net Assets	3,964,533	(1,410,747)	2,553,786
Net Assets, beginning as originally stated	17,581,581	136,371	17,717,952
Restatement (Note 15)	(2,968,318)	2,968,318	-
Net Assets, beginning as restated	14,613,263	3,104,689	17,717,952
Net Assets, ending	\$ 18,577,796	\$ 1,693,942	\$ 20,271,738

See accompanying notes to financial statements.

**ALL CLASSICAL RADIO**  
**Statement of Functional Expenses**  
Year Ended June 30, 2025

	Program Services			Total Programs	Supporting Services			Total Supporting Services	Total
	Production	Platforms	Promotion		Fundraising	Management and General	Underwriting		
Salaries and related expenses	\$ 1,289,442	\$ 389,106	\$ 143,392	\$ 1,821,940	\$ 488,860	\$ 302,181	\$ 319,007	\$ 1,110,048	\$ 2,931,988
Rent and utilities	469,762	307,783	27,320	804,865	45,740	139,331	20,892	205,963	1,010,828
Depreciation and amortization	194,759	439,272	11,327	645,358	18,963	55,507	8,662	83,132	728,490
Professional fees	189,208	77,106	17,281	283,595	82,014	49,670	38,447	170,131	453,726
Advertising and marketing	18,023	-	245,990	264,013	59,396	-	-	59,396	323,409
Interest	-	-	-	-	207,092	-	-	207,092	207,092
Donor and corporate cultivation	1,800	-	-	1,800	155,123	-	-	155,123	156,923
Supplies	33,102	17,723	3,556	54,381	77,730	2,711	11,580	92,021	146,402
Telephone and internet	49,107	77,927	3,800	130,834	7,188	3,238	4,719	15,145	145,979
Printing and mailing costs	15,607	5,356	1,725	22,688	82,887	1,912	2,711	87,510	110,198
Miscellaneous	15,295	7,915	22,351	45,561	18,640	9,060	11,096	38,796	84,357
Bank fees	-	-	-	-	69,084	1,625	10,135	80,844	80,844
Insurance	31,233	16,739	2,290	50,262	4,522	15,118	2,396	22,036	72,298
Travel, conferences, and training	9,451	6,042	520	16,013	16,201	26,899	813	43,913	59,926
Affiliation fees and program purchases	42,542	1,430	3,662	47,634	835	382	501	1,718	49,352
Repairs and maintenance	2,757	43,087	160	46,004	268	1,221	123	1,612	47,616
Total Program and Supporting Expenses	2,362,088	1,389,486	483,374	4,234,948	1,334,543	608,855	431,082	2,374,480	6,609,428
Capital campaign	-	-	-	-	(538,565)	-	-	(538,565)	(538,565)
Total Expenses	\$ 2,362,088	\$ 1,389,486	\$ 483,374	\$ 4,234,948	\$ 795,978	\$ 608,855	\$ 431,082	\$ 1,835,915	\$ 6,070,863

See accompanying notes to financial statements.

## ALL CLASSICAL RADIO

### Statement of Cash Flows

Year Ended June 30, 2025

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Cash Flows from Operating Activities:	
Change in net assets	\$ 2,553,786
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	728,490
Net realized and unrealized gains on investments	(262,274)
Change in value of beneficial interest in assets	(46,077)
Gain on loan forgiveness	(135,000)
Non-cash operating lease expense	2,282,232
Changes in operating assets and liabilities:	
Accounts receivable, net	(125,282)
Pledges receivable	1,457,355
Prepaid expenses	222,756
Accounts payable	(2,538,302)
Accrued expenses	(78,843)
Deferred revenue	(15,266)
Net Cash Flows Provided by Operating Activities	<u>4,043,575</u>
Cash Flows from Investing Activities:	
Proceeds from sale of investments	1,867,928
Purchases of investments	(1,797,165)
Distributions from beneficial interest in assets	16,924
Purchases of property and equipment	(3,019,116)
Net Cash Flows Used by Investing Activities	<u>(2,931,429)</u>
Cash Flows from Financing Activities:	
Proceeds from long-term debt	107,885
Payments of long-term debt	(2,861,584)
Net Cash Flows Used by Financing Activities	<u>(2,753,699)</u>
Net Change in Cash and Cash Equivalents	(1,641,553)
Cash and Cash Equivalents, beginning	<u>3,520,387</u>
Cash and Cash Equivalents, ending	<u>\$ 1,878,834</u>
Supplemental Disclosures of Cash Flow Information:	
Interest paid during the year	<u>\$ 207,092</u>
Supplemental Disclosures Non-Cash Investing and Financing Activities:	
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 246,411</u>

See accompanying notes to financial statements.

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 1 – Organization and Summary of Significant Accounting Policies

##### Description of Organization

All Classical Public Media, Inc. (the Organization or All Classical Radio) (formerly KBPS Public Radio Foundation) is a non-profit corporation. The original articles of incorporation with Oregon were in 1989, and they were amended in 1991 to develop sustained financial support for radio station KQAC-FM Portland with 501c3 status. All Classical Radio is Portland's only classical radio station, and it has evolved into a comprehensive arts and culture network. Its mission is to advance knowledge of and appreciation for classical music; to build and sustain culturally vibrant local and global communities around this art form; to reflect the spirit of the Pacific Northwest; and to foster integrity, quality, and innovation in all that they do. Support is provided primarily by contributions from individuals, businesses, and foundations, and grants from the Corporation for Public Broadcasting (CPB) (see note 15).

All Classical Radio exists to bring the unique powers of classical music to everyone. Music is programmed by humans, for humans, with personality and love from the sparkling Pacific Northwest, and performed with passion by diverse artists for an equally diverse audience, all traversing life together on Earth.

KQAC-FM (formerly KBPS-FM) is a non-commercial public broadcasting station formerly owned and operated by School District No. 1, Multnomah County, Oregon (Portland Public Schools or the District). In December 2003, the license to KBPS-FM and the radio station assets were purchased from the District by the Organization, which now operates as KQAC-FM. In addition, the Organization owns and operates KQHR-FM in Hood River, KSLC-FM in McMinnville, KQMI-FM in Manzanita, and KQOC-FM in Lincoln County. The Organization also operates all-classical K242AX in The Dalles, 95.7 FM in Corvallis, and streams worldwide at [www.allclassical.org](http://www.allclassical.org).

In 2023, All Classical Radio launched an 11.5-million dollar capital campaign to secure the funds needed to move the organization into KOIN Tower in downtown Portland. The capital campaign was successfully completed in Summer 2025. The new location in the heart of Portland allows All Classical to continue providing the beautiful music and high-quality programming listeners rely on, while expanding opportunities to create new and engaging programming experiences and ensure the long-term success of the station. This comprehensive media arts center was carefully designed and developed to realize the station's vision and strategic goals and to empower All Classical Radio to grow its service and impact, stimulate the economy, and help lead community rejuvenation through the arts.

The keystone of this strategy is the opening of the Irving Levin Performance Hall and James DePreist Recording Studio inside All Classical Radio. With state of the art acoustics and recording equipment, and space for an intimate audience of up to 100, the performance hall provides crucial opportunities for accessible community gatherings and increased revenue. The hall opened in November 2024 with a ribbon cutting and inaugural concert, along with a grand opening open house in December 2024 where nearly 300 community members were welcomed for tours and unique performances. The celebration included a proclamation by Portland Metro Chamber designating December 8, 2024, as "All Classical Radio Grand Opening Day."

##### Nature of Activities

Through regional FM radio frequencies, and worldwide via its online streaming service and free mobile app, All Classical Radio provides daily programming that is 98% locally produced, curated for the community and available to the world. The network is recognized for its bold collaborations and outreach, as well as innovative music playlists, interviews, live broadcasts, and arts and culture specials. Programs include in-studio concerts, special interviews and performances, historical and contextual information about compositions and composers, and news about local arts organizations. Specialty programs include *Friday Happy Hour*, featuring classical music with a lighthearted twist, *Club Mod* focused on the music of contemporary, living composers, and *Sunday Brunch* which explores cultures through delicious music.

In addition, All Classical Radio created a new limited series called *Sound in Print* in Summer 2024 to highlight the intersection of literature and music. Another new show, *New at Noon*, launched in April 2025. Every weekday at 12:00 PM PT, All Classical Radio's *New at Noon* feature broadcasts new recordings never before heard on All Classical, including new interpretations of beloved favorites and rising stars in classical music.

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 1 – Organization and Summary of Significant Accounting Policies

##### Nature of Activities, continued

All Classical Radio also produces and nationally syndicates *The Score*, a radio show about film music, and *Played in Oregon* featuring performances recorded in and around Oregon and SW Washington. *Played in Oregon* has aired over 900 episodes, and *The Score* has aired over 800 episodes, and is celebrating 20 years on the air in 2026. FY2025 was the 10-year anniversary of *Thursdays @ Three*, the station's free weekly live in-studio concert broadcast, and summer 2024 included special episodes celebrating some of the original performers on the show.

In June 2025, All Classical Radio proudly presented a very special live broadcast from downtown Portland, inviting listeners locally and around the world to experience a historic broadcast of Nancy Ives' *Celilo Falls*, performed by the Oregon Symphony under the direction of David Danzmayr. *Celilo Falls* is a multimedia musical experience composed in collaboration with Indigenous storyteller Ed Edmo and Native American photographer Joe Cantrell. This work depicts the history of Celilo Falls and the Native communities who have lived there for millennia.

As many as 250,000 weekly listeners tune in to All Classical Radio's FM broadcast in the Portland metro area alone (source: Nielsen Audio), and thousands of listeners access our online stream each month, representing nearly 100 countries. A recognized leader in the classical music public radio industry for listenership, innovation, and creative collaboration, All Classical Radio is consistently ranked annually in the top 3 classical music radio stations in the nation.

In April 2019, All Classical Radio launched a new radio station for children, the **International Children's Arts Network (ICAN)**. ICAN is a commercial-free network available on All Classical Radio's HD-2 channels, online at [icanradio.org](http://icanradio.org) and via the free mobile All Classical Radio app. It is designed to educate, foster cross-cultural awareness, stimulate creativity and playfulness, awaken the imagination, and promote emotional literacy. ICAN's musical programming takes a broadened and inclusive approach to the classical canon to highlight traditions from around the globe, providing children with an entry point to learning about world cultures and traditions through music and literature. Daily programming consists of storytelling and poetry shared with music, imagined adventures in children's voices, and a bedtime hour featuring nature sounds of the Pacific Northwest and lullabies from around the globe. In 2020, ICAN expanded to a full 24 hours/day and launched the podcast titled *Screenshot*. A new program developed in 2023, *ICAN Become*, gives children the opportunity to interview experts in the field that they want to pursue as a career; experts have included a NASA astronaut, BBC newscaster, a star chef, baseball player, and more. More than two dozen youth have hosted episodes over the first four seasons of *ICAN Become*.

Many shows on ICAN feature the voices of the station's Young Artists in Residence (YAIR), Ambassadors, and other youth contributors. In early 2025, ICAN produced and released a special broadcast edition of the Oregon Symphony's *Young People's Concert: The Nature of Music*, hosted by Oregon Symphony's Associate Conductor Deanna Tham and student co-host Amir Avsker, a former YAIR at All Classical Radio. This broadcast was a perfect starter to prepare young people for concert attendance and gave teachers and families the opportunity to experience live performance and learn about classical music from anywhere in the world. Since moving into the heart of Portland in the summer of 2024, young reporters and musicians have spent over 100 hours in ICAN's Moonflower Studio, helping to amplify the stories of the community. In February 2025, ICAN won the prestigious Schnitzer Wonder Award, presented each year by the Oregon Symphony to recognize an organization excelling in youth mentorship and education, collaborating with young artists and students, and contributing to a vibrant music and arts community.

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 1 – Organization and Summary of Significant Accounting Policies

##### Nature of Activities, continued

##### **Other station initiatives include:**

**Artist in Residence (AIR)** program started in 2019. AIR is designed to foster creative and professional growth for young, emerging, and established performing artists. Residents have access to All Classical Radio's world-class facilities and studios. They are offered on-air and performance opportunities, including appearances on radio programs, at station events and concerts, and on special broadcasts. Residents are encouraged to pursue artistic research projects and to publish related articles about their work and findings through All Classical Radio's wide-reaching platforms. Residents receive a scholarship award to assist in their creative projects and performances and/or continued studies. The residency encourages artists to pursue new projects and ideas, take creative risks, and to equitably support local performers and composers. In 2021, All Classical Radio added three residencies for composers and in 2022 the program was expanded to include a new role for Young Artist Ambassadors. Since its start in 2019, All Classical Radio residency program has included nearly 30 artists.

**Recording Inclusivity Initiative (RII)** seeks to address the gap of classical music composers and musicians from underrepresented communities that make it onto the airwaves. All Classical Radio is producing new, high-quality recordings of music by composers from communities who have been historically excluded in classical music. All Classical Radio has challenged public radio stations across the United States to launch their own regional initiatives, providing a how-to kit based on lessons learned from our own inaugural Recording Inclusivity Initiative. RII received great recognition, winning the coveted national "Local That Works" media award. The first two albums of the initiative, *Amplify* and *Elevate*, are available now, and a third album, *Awaken*, is in the works for a 2026 release.

**Artist Anthology** is a groundbreaking collection of 40+ of the Pacific Northwest's trailblazing contemporary artists—the culture bearers of this region's thriving arts community. Through this initiative, supported in part by a grant from the NEA, All Classical aims to document the artistic moment by amplifying regional contemporary artists, with profiles penned by notable northwest writers and portraits by prominent local photographers. Each featured artist represents a unique medium and perspective, and the complete collection culminated in a limited-edition book released in 2025.

**Access Recording Project** is a first-of-its-kind initiative inviting Pacific Northwest artists to make use of the station's Irving Levin Performance Hall and James DePreist Recording Studio to develop creative projects and advance their careers, at no cost. With funding from the Oregon Cultural Trust, the project was launched in late FY2025 through an open application process. A community panel evaluated applications and selected three recipients, whose recording projects were completed in late 2025.

##### Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding their 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 and 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.

## **ALL CLASSICAL RADIO**

### **Notes to Financial Statements**

Year Ended June 30, 2025

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#### **Note 1 – Organization and Summary of Significant Accounting Policies, continued**

##### Use of Estimates

The preparation of financial statement 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.

##### Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under US GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, other current assets, and payables approximate fair values as of June 30, 2025 due to the relative short maturities of these instruments.

##### Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

##### Pledges Receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances.

##### Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for credit losses to provide for the estimated amount of receivable that may not be collected.

##### Investments

The Organization carries investments in marketable securities and debt securities at fair values in the statement of financial position.

## **ALL CLASSICAL RADIO**

### **Notes to Financial Statements**

Year Ended June 30, 2025

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#### **Note 1 – Organization and Summary of Significant Accounting Policies, continued**

##### Beneficial Interest in Assets

The Organization maintains an endowment fund that is held by the Oregon Community Foundation (OCF). The Organization has not granted variance power to OCF unless the Organization ceases to exist or loses its tax-exempt status. The Organization reports the fair value of the beneficial interest in assets held at OCF in the statement of financial position and reports distributions as a reduction in the beneficial interest. Changes in the value of the funds are reported as gains or losses in the statement of activities.

##### Property and Equipment

Acquisitions of property and equipment of \$1,000 or more with a useful life of three years or more are capitalized and recorded at cost. Donated property and equipment are recorded at fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to twenty years.

##### Intangible Assets – Broadcast Licenses

Broadcast licenses are recorded at cost or fair value at time of donation and are not subject to amortization.

##### Revenue and Support

The Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Revenues for the Organization primarily consist of contributions and underwriting. Management has determined that underwriting revenue is most appropriately classified as exchange transactions, and therefore, revenue is recognized as performance obligations are met, which is typically when services are performed.

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

##### Contributed Materials and Services

The Organization receives donated materials and services from various individuals and companies. Contributions of materials that do not meet the criteria for capitalization are recorded at estimated fair market value as support and expense in the period in which the materials are contributed. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

##### Advertising

The Organization follows the policy of charging the cost of advertising to expense as incurred.

##### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Certain costs, including occupancy, leases, utilities, office expense and depreciation have been allocated based on time and effort or square footage.

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 1 – Organization and Summary of Significant Accounting Policies, continued

##### Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is subject to federal income tax on any unrelated business taxable income. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. No uncertain tax positions were identified by the Organization as of June 30, 2025.

##### Subsequent Events

The Organization has evaluated subsequent events through April 28, 2026, which is the date the financial statements were available to be issued. See Note 15.

#### Note 2 – Liquidity and Availability

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows at June 30, 2025:

Cash and cash equivalents	\$ 1,878,834
Accounts receivable, net	218,795
Current portion of pledges receivable	723,894
Investments	3,253,454
Anticipated distributions from endowment	65,351
Total financial assets available for general operations	<u>6,140,328</u>
Less amounts not available to be used within one year:	
Restricted by donor - time or purpose restrictions	<u>(58,096)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,082,232</u>

The Organization's endowment funds consist of donor-restricted and board-restricted endowment. Income from donor-restricted endowments is not restricted and, therefore, is available for general expenditure after appropriation for expenditure.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

#### Note 3 – Concentration of Credit Risk

The Organization maintains its cash at various financial institutions. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. The Organization account balances may, at times, exceed the limits.

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 4 – Pledges Receivable

Pledges consist of the following at June 30, 2025:

Due in one year or less	\$	723,894
Due after one year through five years		787,069
	\$	<u>1,510,963</u>

No allowance was considered necessary at June 30, 2025 because management believes all amounts are collectable.

#### Note 5 – Investments and Fair Value Measurement

Investments consist of the following at June 30, 2025:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 355,921	\$ -	\$ -	\$ -	\$ 355,921
Equities	955,949	-	-	-	955,949
Fixed income bonds	1,918,494	-	-	-	1,918,494
Real estate investment trusts	-	-	-	23,090	23,090
Total Investments	<u>3,230,364</u>	<u>-</u>	<u>-</u>	<u>23,090</u>	<u>3,253,454</u>
Beneficial interest in assets	-	-	449,118	-	449,118
Total Fair Value Measurement	<u>\$ 3,230,364</u>	<u>\$ -</u>	<u>\$ 449,118</u>	<u>\$ 23,090</u>	<u>\$ 3,702,572</u>

Changes in fair value of level 3 investments for the year ended June 30, 2025 are as follows:

	Beneficial Interests in Assets
Fair value, beginning	\$ 419,965
Distributions	(16,925)
Investment return, net	46,078
Fair value, ending	<u>\$ 449,118</u>

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 6 – Property and Equipment

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

Antennas	\$ 1,499,189
Broadcasting equipment	2,297,603
Furniture and equipment	2,281,872
Vehicles	37,556
Intangible assets	144,211
Leasehold improvements	<u>9,258,263</u>
	15,518,694
Less accumulated depreciation	<u>(4,432,424)</u>
	<u>\$ 11,086,270</u>

#### Note 7 – Line of Credit

The Organization has a \$825,000 revolving line of credit with a commercial bank that is collateralized by substantially all of the Organization's assets. Advances under the line of credit bear interest at a rate equal to the Wall Street Journal Prime Rate plus 0.25% (8.75% at June 30, 2025). The outstanding balance on the line of credit was \$85,000 as of June 30, 2025. At June 30, 2025, the Organization was in compliance with all of the financial covenants. The line of credit matures in March 2027. See Note 15.

#### Note 8 – Long-Term Debt

Long-term debt consists of the following at June 30, 2025:

Note payable to a financial institution, due in aggregate monthly payments starting at \$28,654, including interest at 6.81%, matures March 2030. See Note 15.	\$ 1,368,416
Less current portion of long-term debt	<u>(236,456)</u>
	<u>\$ 1,131,960</u>

Following is a summary of future principal payments at June 30, 2025:

Year Ending June 30,	
<u>2026</u>	\$ 236,456
2027	275,306
2028	294,651
2029	315,355
2030	<u>246,648</u>
	<u>\$ 1,368,416</u>

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 9 – Contributed Non-Financial Assets

The Organization recognized contributed nonfinancial assets within revenue, including underwriting trade services, professional services, and other services. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

For the year ended June 30, 2025, contributed nonfinancial assets recognized within the statement of activities included:

Promotion	\$	126,809
General & administrative		25,193
Fundraising & membership		19,006
Production		5,701
Platforms		3,750
	\$	<u>180,459</u>

#### Note 10 – Restrictions on Net Assets

Net assets with donor restrictions consist of the following:

Purpose Restrictions:

Access Recording project	\$	8,395
Celilo Falls recording		30,040
Nationally distributed programming		19,432
Others		229
		<u>58,096</u>

Time Restrictions:

Undesignated pledges receivable		1,510,963
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Perpetual:

Endowment		124,883
	\$	<u>1,693,942</u>

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 10 – Restrictions on Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of purpose restrictions:

Operating:

International Children's Arts Network	\$ 64,358
Access Recording project	15,396
Celilo Falls recording	30,197
Nationally distributed programming	80,576
Other	35,637
	<u>226,164</u>

Satisfaction of time restrictions:

Operating:

Undesignated pledges receivable	627,104
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Non-operating:

Capital campaign	<u>4,322,653</u>
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\$ 5,175,921

#### Note 11 – Leasing Arrangements

The Organization has operating leases of office buildings, transmitters, and printers under agreements with contractual periods ranging from 1 to 30 years. Certain lease agreements contain scheduled rent escalation clauses and others include rental payments adjusted periodically depending on an index or rate. Some of the leases contain one or more options to extend. The exercise of lease renewal options is generally at the Organization's sole discretion. Options that are reasonably certain to be exercised, considering all relevant economic and financial factors, are included in the lease term. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees.

The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g., maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. All variable payments not based on a market rate, or an index, are expensed as incurred.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the risk-free rate.

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 11 – Leasing Arrangements, continued

The following summarizes the leases right-of-use assets as of June 30, 2025:

<u>Operating Leases</u>	
Operating lease right-of-use-assets	\$ <u>8,365,177</u>
Current portion of operating lease liabilities	\$ 596,246
Operating lease liabilities, net of current portion	<u>10,051,163</u>
	<u>\$ 10,647,409</u>

The amounts contractually due on lease liabilities as of June 30, 2025 were as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Operating</u>
2026	\$ 596,246
2027	636,562
2028	640,060
2029	622,970
2030	628,565
Thereafter	<u>14,067,192</u>
Total lease payments	17,191,595
Less amount representing imputed interest	<u>(6,544,186)</u>
Present value of lease liabilities	<u>\$ 10,647,409</u>

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2025:

Operating leases:	
Operating lease expense, included in rent and utilities	\$ 924,739
Operating lease expense, included in printing and mailing costs	<u>16,787</u>
Total lease cost	<u>\$ 941,526</u>

Supplemental cash flow information related to leases were as follows at June 30, 2025:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	\$ (750,481)
Right-of-use assets obtained in exchange for new lease liabilities:	
Operating leases	\$ 246,411

Supplemental statement of financial position information related to leases were as follows at June 30, 2025:

Weighted average remaining lease term - Operating leases	23
Weighted average discount rate - Operating leases	4.21%

## ALL CLASSICAL RADIO

### Notes to Financial Statements

Year Ended June 30, 2025

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#### Note 12 – Pension Plan

The Organization has a 401(k) retirement plan covering all eligible employees. The Organization may make elective contributions to the plan. Retirement plan expense for the year ended June 30, 2025 was \$40,898.

#### Note 13 – Endowments

The Organization's endowment includes both donor restricted endowment funds and funds designated by the board of directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

At June 30, 2025, the endowment net assets composition by type of fund consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	\$ 1,742,296	\$ -	\$ 1,742,296
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	95,990	95,990
Accumulated investment gains	-	28,893	28,893
	<u>\$ 1,742,296</u>	<u>\$ 124,883</u>	<u>\$ 1,867,179</u>

Changes in endowment net assets for the year ended June 30, 2025, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,618,054	\$ 117,810	\$ 1,735,864
Distributions	(51,803)	(4,106)	(55,909)
Investment return, net	176,045	11,179	187,224
Endowment net assets, end of year	<u>\$ 1,742,296</u>	<u>\$ 124,883</u>	<u>\$ 1,867,179</u>

## **ALL CLASSICAL RADIO**

### **Notes to Financial Statements**

Year Ended June 30, 2025

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#### **Note 13 – Endowments, continued**

##### Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments and increase the value of the original contributed capital by an amount not less than the annual increase in the Consumer Price Index (CPI). In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 5% plus the annual rate of inflation (Target Return) over ten years. In achieving the Target Return, the Organization seeks to maintain a level of portfolio risk, as measured by the annualized monthly standard deviation, commensurate with the portfolio's market-related index. The market-related index is made up of selected market indices that are representative of the asset classes in which the portfolio is invested and which is weighted in the same percentages as the asset classes in which the portfolio is invested.

##### Investment Strategy

The investment strategy of the Organization is to develop a diversified portfolio of investments. For equity investments, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

##### Spending Policy

The Organization has a policy of appropriating for distributions each year ranging from an amount equal to 3.5% to 5% of the average balance of the assets associated with the endowments for the previous thirteen quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at the average annual rate of inflation over ten years. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. The spending rate policy is reviewed annually by the Finance Committee.

#### **Note 14 – Restatement**

During the year ended June 30, 2025, it was determined that net asset classifications for some funds were not properly classified in prior years. Net assets as of the beginning of the fiscal year have been adjusted to the proper net asset classifications. The correction had no effect on the result of the current year's activities, however, the cumulative effect decreased net assets without donor restrictions by \$2,968,318 and increased net assets with donor restrictions by \$2,968,318.

#### **Note 15 – Subsequent Events**

On November 7, 2025, the Organization fully repaid all outstanding long-term debt obligations. As a result of this repayment, the Organization has no remaining long-term debt as of that date.

On July 18, 2025, Congress rescinded federal funding for public media via the Corporation for Public Broadcasting (CPB) by passing the Rescissions Act of 2025, and on January 5, 2026, the CPB board of directors officially voted to dissolve the corporation. The Organization has historically received an annual Community Service Grant (CSG) from CPB based on the Non-Federal Financial Support (NFFS) generated by the Organization from two fiscal years prior. In the year ending June 30, 2025, the Organization received a CSG for \$359,000, which represented approximately 6% of its FY 2025 operating revenue. Prior to the congressional rescission, the Organization's approved NFFS would have resulted in a historic CSG of approximately \$500,000 for the year ending June 30, 2026, which represents 9% of its FY2026 operating budget. The Organization is assessing the ongoing impact of this unprecedented annual funding gap and is reviewing its operational budget and seeking additional revenue sources to navigate not only the effects of this legislation and dissolution, but also the effects of inflation, increased general operating costs, and expenses associated with enhanced programs and community engagement opportunities in the Organization's media arts center.