

Consolidated Financial Statements
September 30, 2025 and 2024

Prairie Public Broadcasting, Inc.

Prairie Public Broadcasting, Inc.

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September 30, 2025 and 2024

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Independent Auditor's Report

The Board of Directors
Prairie Public Broadcasting, Inc. and Subsidiary
Fargo, North Dakota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Prairie Public Broadcasting, Inc. and Subsidiary (Organization), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2025 and 2024, and the results of their operations and their 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.



Fargo, North Dakota
January 20, 2026

Prairie Public Broadcasting, Inc.
Consolidated Statements of Financial Position - Assets
September 30, 2025 and 2024

	2025	2024
Current Assets		
Cash and cash equivalents	\$ 4,034,903	\$ 6,337,341
Grants receivable	587,034	880,033
Contributions receivable, net of allowance for uncollectible accounts of \$18,900 in 2025 and \$15,400 in 2024	617,463	496,399
In-kind contributions receivable	25,000	25,000
Trade accounts receivable, net of allowance for credit losses of \$27,100 in 2025 and \$19,400 in 2024	238,090	441,051
Inventory	16,371	19,508
Prepaid expenses	<u>631,120</u>	<u>756,251</u>
 Total current assets	 <u>6,149,981</u>	 <u>8,955,583</u>
Property and Equipment, Net		
 Operating Lease Right of Use Assets, Net	 <u>646,994</u>	 <u>744,086</u>
Other Assets		
Board directed endowment	9,842,883	8,650,011
Investments	8,825,997	8,126,645
In-kind contributions receivable, net of present value discount of \$68,900 in 2025 and \$67,000 in 2024	220,744	245,744
Patronage refunds receivable	783,548	760,377
Radio licenses	220,000	220,000
Intangible assets	<u>-</u>	<u>4,000</u>
 Total other assets	 <u>19,893,172</u>	 <u>18,006,777</u>
Total assets	<u>\$ 38,430,994</u>	<u>\$ 36,193,644</u>

Prairie Public Broadcasting, Inc.
Consolidated Statements of Financial Position - Liabilities and Net Assets
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Current Liabilities		
Current maturities of operating lease liabilities	\$ 107,626	\$ 100,003
Accounts payable	284,526	282,188
Accrued liabilities	<u>735,234</u>	<u>669,468</u>
Total current liabilities	1,127,386	1,051,659
Long-Term Liabilities		
Long-term lease liabilities, net of current maturities	<u>545,633</u>	<u>648,948</u>
Total liabilities	<u>1,673,019</u>	<u>1,700,607</u>
Net Assets		
Without donor restrictions		
General reserves	14,493,575	16,787,739
Board directed endowment	9,842,883	8,650,011
Property and equipment	<u>11,740,847</u>	<u>8,472,198</u>
Total without donor restrictions	36,077,305	33,909,948
With donor restrictions	<u>680,670</u>	<u>583,089</u>
Total net assets	<u>36,757,975</u>	<u>34,493,037</u>
Total liabilities and net assets	<u>\$ 38,430,994</u>	<u>\$ 36,193,644</u>

Prairie Public Broadcasting, Inc.
Consolidated Statement of Activities
Year Ended September 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Members	\$ 2,571,914	\$ -	\$ 2,571,914
Corporation for Public Broadcasting	2,196,536	-	2,196,536
Grants	63,151	-	63,151
State support	567,214	673,069	1,240,283
Underwriting	255,871	120,347	376,218
Fees	(2,725)	-	(2,725)
Gaming (net of prize payouts)	4,750,347	-	4,750,347
Other	1,142,932	65,000	1,207,932
In-kind contributions	12,500	-	12,500
Rents	998,658	-	998,658
Net investment return	1,343,458	58,288	1,401,746
Net assets released from restrictions	<u>819,123</u>	<u>(819,123)</u>	<u>-</u>
Total public support and revenue	<u>14,718,979</u>	<u>97,581</u>	<u>14,816,560</u>
Expenses			
Program services			
Television	5,047,615	-	5,047,615
Radio	<u>1,712,169</u>	<u>-</u>	<u>1,712,169</u>
Total program services	<u>6,759,784</u>	<u>-</u>	<u>6,759,784</u>
Support services			
Television development	372,027	-	372,027
Radio development	84,540	-	84,540
General administration	<u>2,143,937</u>	<u>-</u>	<u>2,143,937</u>
Total support services	<u>2,600,504</u>	<u>-</u>	<u>2,600,504</u>
Gaming and concessions	<u>3,191,334</u>	<u>-</u>	<u>3,191,334</u>
Total expenses	<u>12,551,622</u>	<u>-</u>	<u>12,551,622</u>
Revenues in Excess of Expenses and Change in Net Assets	2,167,357	97,581	2,264,938
Net Assets, Beginning of the Year	<u>33,909,948</u>	<u>583,089</u>	<u>34,493,037</u>
Net Assets, End of Year	<u>\$ 36,077,305</u>	<u>\$ 680,670</u>	<u>\$ 36,757,975</u>

Prairie Public Broadcasting, Inc.
Consolidated Statement of Activities
Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Members	\$ 2,070,108	\$ -	\$ 2,070,108
Corporation for Public Broadcasting	1,950,357	-	1,950,357
Grants	220,289	40,000	260,289
State support	1,868,362	497,642	2,366,004
Underwriting	246,095	156,110	402,205
Fees	19,322	-	19,322
Gaming (net of prize payouts)	5,066,245	-	5,066,245
Other	1,227,438	30,010	1,257,448
In-kind contributions	12,500	-	12,500
Rents	969,642	-	969,642
Net investment return	2,537,730	96,432	2,634,162
Net assets released from restrictions	<u>712,545</u>	<u>(712,545)</u>	<u>-</u>
Total public support and revenue	<u>16,900,633</u>	<u>107,649</u>	<u>17,008,282</u>
Expenses			
Program services			
Television	4,730,402	-	4,730,402
Radio	<u>1,773,031</u>	<u>-</u>	<u>1,773,031</u>
Total program services	<u>6,503,433</u>	<u>-</u>	<u>6,503,433</u>
Support services			
Television development	362,922	-	362,922
Radio development	86,967	-	86,967
General administration	<u>2,426,593</u>	<u>-</u>	<u>2,426,593</u>
Total support services	<u>2,876,482</u>	<u>-</u>	<u>2,876,482</u>
Gaming and concessions	3,303,090	-	3,303,090
Total expenses	<u>12,683,005</u>	<u>-</u>	<u>12,683,005</u>
Revenues in Excess of Expenses and Change in Net Assets	4,217,628	107,649	4,325,277
Net Assets, Beginning of the Year	<u>29,692,320</u>	<u>475,440</u>	<u>30,167,760</u>
Net Assets, End of Year	<u>\$ 33,909,948</u>	<u>\$ 583,089</u>	<u>\$ 34,493,037</u>

Prairie Public Broadcasting, Inc.
 Consolidated Statement of Functional Expenses
 Year Ended September 30, 2025

	Program Services			Supporting Services							
	Television		Radio	Total	Television Development		Radio Development	General and Administrative	Total	Gaming	Total
Salaries	\$ 1,971,097	\$ 859,850	\$ 2,830,947	\$ 2,830,947	\$ -	\$ -	\$ 717,852	\$ 717,852	\$ 664,168	\$ 4,212,967	
Depreciation	649,614	30,219	679,833	679,833	-	-	113,254	113,254	49,799	842,886	
Supplies	20,944	-	20,944	20,944	-	-	10,167	10,167	1,311,497	1,342,608	
Benefits	627,148	222,445	849,593	849,593	-	-	51,408	51,408	183,603	1,084,604	
Gaming Taxes	-	-	-	-	-	-	-	-	525,675	525,675	
Program Rights	794,003	-	794,003	794,003	-	-	-	-	-	794,003	
Power Costs	212,806	155,254	368,060	368,060	-	-	-	-	-	368,060	
Miscellaneous	136,886	7,736	144,622	144,622	-	-	30,321	30,321	31,697	206,640	
Contracted Services	186,470	12,740	199,210	199,210	-	-	13,851	13,851	38,520	251,581	
Program Acquisition	-	296,882	296,882	296,882	-	-	-	-	-	296,882	
Repairs and Maintenance	44,863	17,433	62,296	62,296	-	-	71,406	71,406	9,747	143,449	
Payroll Taxes	146,449	60,231	206,680	206,680	-	-	60,695	60,695	78,044	345,419	
Insurance	-	-	-	-	-	-	348,084	348,084	33,923	382,007	
Rent and Leases	65,060	-	65,060	65,060	-	-	37,632	37,632	168,555	271,247	
Utilities	-	-	-	-	-	-	88,038	88,038	25,148	113,186	
Professional Fees	-	-	-	-	-	-	217,732	217,732	120	217,852	
Credit Losses	-	-	-	-	37,156	13,864	-	51,020	-	51,020	
Membership	-	-	-	-	56,211	21,570	-	77,781	-	77,781	
Premiums	-	-	-	-	20,535	-	-	20,535	-	20,535	
Travel	50,159	9,508	59,667	59,667	1,239	-	28,826	30,065	13,713	103,445	
Bank Fees	-	-	-	-	-	-	67,745	67,745	-	67,745	
Printing and Postage	26,847	1,877	28,724	28,724	8,074	-	9,121	17,195	3,842	49,761	
Dues and Subscriptions	28,320	-	28,320	28,320	-	-	51,767	51,767	-	80,087	
New Member Acquisition	-	-	-	-	234,246	49,106	-	283,352	-	283,352	
Equipment	770	21,517	22,287	22,287	-	-	37,500	37,500	2,233	62,020	
Telephone	740	1,417	2,157	2,157	-	-	12,408	12,408	1,080	15,645	
Computer	-	-	-	-	-	-	76,802	76,802	-	76,802	
Production	41,413	-	41,413	41,413	-	-	-	-	-	41,413	
Promotion	-	-	-	-	13,500	-	331	13,831	48,162	61,993	
Program Information	42,191	-	42,191	42,191	-	-	-	-	-	42,191	
Cleaning	-	-	-	-	-	-	21,750	21,750	-	21,750	
Satellite Interconnection Fees	-	12,958	12,958	12,958	-	-	-	-	-	12,958	
Board Costs	-	-	-	-	-	-	24,346	24,346	-	24,346	
Vending	-	-	-	-	-	-	-	-	1,087	1,087	
Hiring	-	-	-	-	-	-	50,277	50,277	-	50,277	
Training	1,835	2,102	3,937	3,937	944	-	1,170	2,114	473	6,524	
Workers Compensation	-	-	-	-	-	-	1,416	1,416	248	1,664	
Customer Service	-	-	-	-	122	-	-	122	-	122	
Interest	-	-	-	-	-	-	38	38	-	38	
	<u>\$ 5,047,615</u>	<u>\$ 1,712,169</u>	<u>\$ 6,759,784</u>	<u>\$ 372,027</u>	<u>\$ 84,540</u>	<u>\$ 2,143,937</u>	<u>\$ 2,600,504</u>	<u>\$ 3,191,334</u>	<u>\$ 12,551,622</u>		

Prairie Public Broadcasting, Inc.
 Consolidated Statement of Functional Expenses
 Year Ended September 30, 2024

	Program Services			Supporting Services							
	Television		Radio	Total	Television Development		Radio Development	General and Administrative	Total	Gaming	Total
Salaries	\$ 1,756,787	\$ 833,417	\$ 2,590,204	\$ 768,874	\$ -	\$ -	\$ 703,598	\$ 703,598	\$ 661,423	\$ 3,955,225	
Depreciation	698,158	70,716					79,470	79,470	51,578	899,922	
Supplies	36,404	311					6,888	6,888	1,382,379	1,425,982	
Benefits	527,055	196,698					73,502	73,502	171,201	968,456	
Gaming Taxes	-	-					-	-	571,401	571,401	
Program Rights	750,053	-		750,053						750,053	
Power Costs	210,780	155,558		366,338						366,338	
Miscellaneous	148,430	8,651		157,081				10,396	10,396	43,369	210,846
Contracted Services	161,365	10,650		172,015				13,233	13,233	35,896	221,144
Program Acquisition	-	320,156		320,156				-	-		320,156
Repairs and Maintenance	62,056	10,038		72,094				548,271	548,271	3,365	623,730
Payroll Taxes	129,662	58,485		188,147				58,787	58,787	80,101	327,035
Insurance	-	-		-				270,282	270,282	25,597	295,879
Rent and Leases	63,144	-		63,144				45,325	45,325	179,788	288,257
Utilities	-	-		-				83,554	83,554	24,145	107,699
Professional Fees	-	-		-				149,341	149,341	120	149,461
Credit Losses	-	-		-	23,406	11,680	-		35,086	-	35,086
Membership	-	-		-	50,970	27,442	-		78,412	-	78,412
Premiums	-	-		-	29,545	-	-		29,545	-	29,545
Travel	54,299	19,364		73,663	3,940	-		26,299	30,239	20,470	124,372
Bank Fees	-	-		-	-	-		63,901	63,901	-	63,901
Printing and Postage	29,270	880		30,150	9,599	-		10,105	19,704	2,986	52,840
Dues and Subscriptions	28,039	-		28,039	-	-		50,552	50,552	-	78,591
New Member Acquisition	-	-		-	230,700	47,845	-		278,545	-	278,545
Equipment	-	1,451		1,451	-	-		37,500	37,500	626	39,577
Telephone	726	2,112		2,838	-	-		14,912	14,912	1,290	19,040
Computer	-	-		-	-	-		37,011	37,011	-	37,011
Production	34,784	70,500		105,284	-	-		-	-	-	105,284
Promotion	-	-		-	13,677	-		486	14,163	37,468	51,631
Program Information	31,998	-		31,998	-	-		-	-	-	31,998
Cleaning	-	-		-	-	-		21,170	21,170	-	21,170
Satellite Interconnection Fees	-	12,460		12,460	-	-		-	-	-	12,460
Board Costs	-	-		-	-	-		25,933	25,933	-	25,933
Vending	-	-		-	-	-		-	-	8,280	8,280
Hiring	-	-		-	-	-		83,313	83,313	-	83,313
Training	7,392	1,584		8,976	432	-		6,781	7,213	-	16,189
Workers Compensation	-	-		-	-	-		5,625	5,625	1,607	7,232
Customer Service	-	-		-	653	-	-	-	653	-	653
Interest	-	-		-	-	-		358	358	-	358
	<u>\$ 4,730,402</u>	<u>\$ 1,773,031</u>	<u>\$ 6,503,433</u>	<u>\$ 362,922</u>	<u>\$ 86,967</u>	<u>\$ 2,426,593</u>	<u>\$ 2,876,482</u>	<u>\$ 3,303,090</u>	<u>\$ 12,683,005</u>		

Prairie Public Broadcasting, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 2,264,938	\$ 4,325,277
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	842,886	899,922
Net change in unrealized gains and losses on investments	(286,340)	(1,524,305)
Net realized gains and losses on investments	(345,150)	(319,393)
Loss on sale of equipment	63,733	-
Gain on sale of PPB Ventures	(32,500)	-
Change in present value of in-kind contribution receivable	25,000	25,000
Changes in assets and liabilities		
Grants receivable	292,999	(114,612)
Contributions receivable	(121,064)	18,733
Trade accounts receivable	202,961	10,799
Inventory	2,137	6,415
Prepaid expenses	113,090	47,429
Operating lease assets and liabilities	1,400	(655)
Accounts payable	(132,341)	(171,952)
Accrued liabilities	65,766	32,601
Net Cash from Operating Activities	<u>2,957,515</u>	<u>3,235,259</u>
Investing Activities		
Purchases and construction of property and equipment	(4,040,589)	(1,659,717)
Proceeds from sale of investments	3,550,615	3,619,320
Purchases of investments	(4,811,349)	(4,860,567)
Change in patronage refunds receivable	(23,171)	(27,586)
Proceeds from sale of PPB Ventures	64,541	-
Cash paid for business acquisition	-	(20,000)
Net Cash used for Investing Activities	<u>(5,259,953)</u>	<u>(2,948,550)</u>
Net Change in Cash and Cash Equivalents	<u>(2,302,438)</u>	<u>286,709</u>
Cash and Cash Equivalents, Beginning of Year	<u>6,337,341</u>	<u>6,050,632</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,034,903</u>	<u>\$ 6,337,341</u>
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Accounts payable for property and equipment	<u>\$ 134,679</u>	<u>\$ 120,000</u>
Lease liabilities arising from lease modifications	<u>\$ 4,068</u>	<u>\$ 5,125</u>
Lease liabilities arising from obtaining right of use assets	<u>\$ -</u>	<u>\$ 129,975</u>

Prairie Public Broadcasting, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>
Sale of PPB Ventures	
Gross proceeds	\$ 64,541
Assets sold	
Inventory	(1,000)
Prepaid expenses	(12,041)
Intangible assets	(4,000)
Property and equipment	<u>(15,000)</u>
Gain on sale of PPB Ventures	<u>\$ 32,500</u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization and Nature of Operations

Prairie Public Broadcasting, Inc. (PPB) is a trusted public service dedicated to building an exciting and productive future for the prairie and its people. PPB offers a window on the world through national and regional television and radio programming; creates a forum for the most important issues facing our region with locally produced, topical documentaries; partners with others to foster education for all ages; and utilizes digital technology and web services to expand those valued services. Beginning with a single television transmitter in Fargo, the PPB has grown to become the premier broadcaster of public television and radio services throughout the prairie region.

PPB operates nine non-commercial television stations, (KBME-DT – Bismarck, ND; KCGE-DT – Crookston, MN; KMDE-DT – Devils Lake, ND; KDSE-TV – Dickinson, ND; KJRE-DT – Ellendale, ND; KFME-TV – Fargo, ND; KFGE-TV – Grand Forks, ND; KSRE-DT – Minot, ND; and KWSE—DT – Williston, ND), and ten non-commercial public FM radio stations (KCND-FM – Bismarck, ND; KPPD-FM – Devils Lake, ND; KDPR-FM – Dickinson, ND; KDSU-FM – Fargo, ND; KFJM-FM – Grand Forks, ND; KUND-FM – Grand Forks, ND; KPRJ-FM – Jamestown, ND; KMPR-FM – Minot, ND; KPPW-FM – Williston, ND; and KPPR-FM – Williston, ND). The consolidated financial statements include the accounts of all affiliated stations operated by PPB. PPB raises funds through pledges, donations, and charitable gaming activities at several locations.

PPB Ventures, LLC, (PPB Ventures) is a limited liability company that was formed in 2024 for general business purposes. The President and CEO and Director of Finance of PPB serve as managers of PPB Ventures. During 2025, assets related to PPB Ventures were sold and PPB Ventures was dissolved (see Note 15).

Principles of Consolidation

The consolidated financial statements include the accounts of PPB and PPB Ventures (collectively, the Organization) because PPB has both control and an economic interest in PPB Ventures. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

Grants Receivable

The Organization receives grants from federal and private agencies for various programs. Grants receivable represents amounts requested from granting agencies for services performed. Grants receivable is reduced once the cash has been received from the granting agencies.

Contributions Receivable

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

Receivables and Credit Policies

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments of trade receivables are applied to the earliest unpaid invoices. The carrying amount of trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

Inventory

Inventory is comprised of gaming jar tickets, bingo paper, concession supplies and resale promotional items, and other items, and is stated at the lower of cost or net realizable value determined by the first-in, first-out method.

Property and Equipment

Property and equipment acquisitions in excess of \$2,000 for equipment and \$5,000 for buildings and land are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

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

Right of use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies amount the leases.

Board Directed Endowment

The Board Directed Endowment includes investments set aside by the Board of Directors. The earnings on these investments are available to support operations. The Board Directed Endowment is reflected as a noncurrent asset and a board designated net asset in the accompanying consolidated financial statements.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

Patronage Refund Receivable

Patronage refund receivable represents undistributed balances held by utility cooperative organizations for the account of the Organization. These patronage refunds are distributed at the discretion of the cooperatives' management and/or boards of directors.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for property and equipment and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization had no outstanding conditional promises to give as of September 30, 2025 and 2024.

Gaming revenues are recognized upon the satisfaction of the performance obligation to honor the outcome of the game played, which occurs at a point in time. Revenue is recognized from program services and admissions when the performance obligation is satisfied at the point in time the service is provided. All revenues recognized from contracts with customers are recognized at a point in time.

The Organization rents building and tower space under operating lease agreements and income is recognized on a straight-line basis over the term of the rent agreements.

In-Kind Contributions

In-kind contributions include donated equipment and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 14). The Organization does not sell donated gifts-in-kind. Contributed goods are recorded at fair value at the date of donation.

Fundraising Costs

The costs of fundraising are presented as development expenses included in support services on the statements of activities. There were no joint costs allocated to fundraising costs in either year presented. Fundraising expenses were approximately \$490,000 and \$480,000 for the years ended September 30, 2025 and 2024.

Advertising

The Organization uses advertising to promote its programs. The costs of advertising and promotion are expensed as incurred. During 2025 and 2024, advertising and promotion costs totaled \$131,391 and \$136,802.

Income Taxes

PPB is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. PPB is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, PPB is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. PPB files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

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

Gaming Taxes

The state of North Dakota assesses a tax on gaming adjusted gross proceeds. Gaming taxes are recorded when gaming revenue is recognized.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of usage.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At September 30, 2025 and 2024, the Organization had approximately \$586,000 and \$2,881,000 in excess of FDIC-insured limits.

Credit risk associated with accounts receivable and contributions receivable are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Note 2 - Liquidity and Availability

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

	2025	2024
Cash and cash equivalents	\$ 4,034,903	\$ 6,337,341
Receivables		
Grants	587,034	880,033
Contributions	617,463	496,399
Trade	238,090	441,051
Board directed endowment	9,842,883	8,650,011
Investments	<u>8,825,997</u>	<u>8,126,645</u>
	24,146,370	24,931,480
Less Amounts Not Available to be used Within One Year		
Net assets designated by the board	(9,842,883)	(8,650,011)
Net assets with donor restrictions	<u>(680,670)</u>	<u>(583,089)</u>
	<u><u>\$ 13,622,817</u></u>	<u><u>\$ 15,698,380</u></u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Prairie Public Broadcasting, Inc.
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The board has established designated amounts to be set aside as donor advised funds. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, and money market funds.

Note 3 - Property and Equipment

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

	2025	2024
Land	\$ 730,971	\$ 730,971
Buildings and improvements	9,032,097	5,568,220
Vehicles and equipment	43,878,744	42,948,224
Construction in process	<u>8,203</u>	<u>1,042,372</u>
Less accumulated depreciation	<u>53,650,015</u>	<u>50,289,787</u>
Net property and equipment	<u><u>\$ 11,740,847</u></u>	<u><u>\$ 8,487,198</u></u>

Construction in progress includes tower repairs related to storm damages – multiple sites. These projects are expected to be completed in fiscal year 2026 and will be funded from general operations and insurance proceeds. The estimated remaining cost to complete these projects is \$500,000.

Note 4 - Investments

Board Directed Endowment

The Board Directed Endowment investments at September 30, 2025 and 2024 are shown in the following table. Investments in fixed income mutual funds, equity securities, and stock mutual funds are stated at fair value. Investments in cash and cash equivalents are stated at cost plus accrued interest, if applicable.

	2025	2024
Board Directed Endowment		
Fixed income mutual funds	\$ 2,812,286	\$ 2,438,290
Equity securities	4,975,614	3,868,538
Stock mutual funds	1,935,429	2,209,753
Cash and cash equivalents	<u>119,554</u>	<u>133,430</u>
	<u><u>\$ 9,842,883</u></u>	<u><u>\$ 8,650,011</u></u>

Prairie Public Broadcasting, Inc.
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Investments

Investments in fixed income mutual funds, stock mutual funds, and other investments are stated at fair value. Investments in cash and cash equivalents and certificates of deposit are stated at cost plus accrued interest, if applicable. Investments include the following at September 30, 2025 and 2024:

	2025	2024
Investments		
Endowment		
Fixed income mutual funds	\$ 253,694	\$ 205,756
Equity securities	399,355	325,923
Cash and cash equivalents	8,413	6,558
Certificates of deposit	3,672,908	3,972,511
U.S. Treasury bills	3,706,451	3,495,596
Cash and cash equivalents	737,640	75,136
Other	47,536	45,165
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 8,825,997	\$ 8,126,645

Investment Income

The following summarizes the components of investment income as of September 30, 2025 and 2024:

	2025	2024
Unrestricted Investment Income		
Realized gains	\$ 341,494	\$ 234,660
Unrealized gains	244,841	1,523,175
Interest	757,123	779,895
	<hr/>	<hr/>
	<hr/>	<hr/>
	1,343,458	2,537,730
Restricted Investment Income		
Realized gains (losses)	3,656	84,733
Unrealized gains (losses)	41,499	1,130
Interest	13,133	10,569
	<hr/>	<hr/>
	<hr/>	<hr/>
	58,288	96,432
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 1,401,746	\$ 2,634,162

Prairie Public Broadcasting, Inc.
 Notes to Consolidated Financial Statements
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Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose or Time		
Property and equipment	\$ 34,285	\$ 34,285
Underwriting	- 25,707	
Unappropriated endowment earnings	<u>195,582</u>	<u>137,294</u>
	<u>229,867</u>	<u>197,286</u>
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Prairie Public Broadcasting Permanent Endowment Fund	420,553	355,553
FM Area Foundation	<u>30,250</u>	<u>30,250</u>
Total endowments	<u>450,803</u>	<u>385,803</u>
Total net assets with donor restrictions	<u>\$ 680,670</u>	<u>\$ 583,089</u>

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 for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of Purpose Restrictions		
State support	\$ 673,069	\$ 497,642
Underwriting	<u>146,054</u>	<u>150,403</u>
Grants	<u>-</u>	<u>64,500</u>
	<u>\$ 819,123</u>	<u>\$ 712,545</u>

Note 6 - Endowments

The Organization's endowment (Endowment) consists of funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions designated for endowment by the Board of Directors.

The Board of Directors has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

At September 30, 2025 and 2024, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2025			
Board-designated endowment funds	\$ 9,842,883	\$ -	\$ 9,842,883
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	- <hr style="border-top: 1px solid black;"/>	646,385 <hr style="border-top: 1px solid black;"/>	646,385 <hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 1px solid black;"/> \$ 9,842,883	<hr style="border-top: 1px solid black;"/> \$ 646,385	<hr style="border-top: 1px solid black;"/> \$ 10,489,268

Prairie Public Broadcasting, Inc.
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	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2024			
Board-designated endowment funds	\$ 8,650,011	\$ -	\$ 8,650,011
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	523,097	523,097
	\$ 8,650,011	\$ 523,097	\$ 9,173,108

The following were the changes in the endowment net assets for the years ended September 30, 2025 and 2024:

	Without Donor Restriction	With Donor Restrictions	Total
Balance as of September 30, 2023	\$ 6,579,046	\$ 396,655	\$ 6,975,701
Contributions	210,512	30,010	240,522
Investment gain	<u>1,860,453</u>	<u>96,432</u>	<u>1,956,885</u>
Balance as of September 30, 2024	8,650,011	523,097	9,173,108
Contributions	322,082	65,000	387,082
Investment gain	<u>870,790</u>	<u>58,288</u>	<u>929,078</u>
Balance as of September 30, 2025	\$ 9,842,883	\$ 646,385	\$ 10,489,268

Board Designated Endowment Performance Since Creation

The performance of the board designated endowment since it was created by the Board of Directors is as follows:

Amount initially established in board designated endowment	\$ 250,000
Board designated contributions since creation	4,610,166
Investment income, net, since creation	<u>4,982,717</u>
Balance as of September 30, 2025	\$ 9,842,883

The board designated endowment is recorded at fair value. The investment income (losses) noted above include interest income, realized and unrealized gains and losses, and fees.

The Organization has a budget which provides for an improvement in working capital position. The improvement goal was set at 1% of revenues from ongoing operating revenues, which excludes revenues for land, building and equipment. It is the Organization's policy that any budgeted improvement from operations of the working capital position above the 1% improvement goal, limited to \$200,000, will be invested in the Organization's Board Directed Endowment Fund in the current year if approved in the annual budget upon an anticipated surplus, or in the following year based upon actual results, if not included in the current year budget.

For fiscal year 2024, the Organization did not have a surplus and for fiscal year 2025 the Organization did not anticipate a surplus above the 1% goal, and therefore the approved budget did not include a transfer to the Board Directed Endowment Fund. For fiscal year 2025, the improvement goal was set at \$100,735. As of September 30, 2025 and 2024, the working capital position was \$5,055,595 and \$7,903,924, which is a decrease of \$2,848,329.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the operations while seeking to maintain the purchasing power of the endowment assets. The long-term objective for the Endowment is to earn a total rate of return from investment assets which shall exceed demands placed on the portfolio to support the Organization's spending policy plus the rate of inflation, as measured by the national Consumer Price Index. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time. Endowment assets include funds with donor restrictions and board designated funds without donor restrictions. Only a majority vote of the Board of Directors would change the designation of these funds to be recorded in operating net assets without donor restrictions. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield positive results while assuming a low level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on an investment allocation with investments in mutual funds and cash equivalents.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2025 and 2024.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy is to maintain sufficient financial stability for the operations of the Organization. Interest and dividends net of investment expense are currently included in the endowments and until a decision is made regarding the use of those funds.

Note 7 - Retirement Plan

Substantially all employees of the Organization participate in a defined contribution retirement plan. Employer contributions to the plan are based on a percentage of employee compensation and are paid as accrued. Retirement expense was \$165,929 and \$177,449 for the years ended September 30, 2025 and 2024.

Note 8 - Funds Held by Foundations

There were funds totaling approximately \$328,700 and \$311,000 held by various foundations at September 30, 2025 and 2024. These amounts are not included in the assets reported in the consolidated statement of financial position. These funds are managed by the foundations. The Organization receives the interest income from these funds on an annual basis.

Note 9 - Leases (Lessor)

The Organization leases office and tower space to various lessees under long term leases. Rental income totaled \$998,658 and \$969,642 for the years ended September 30, 2025 and 2024.

Future minimum lease payments receivable on these leases are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2026	\$ 630,145
2027	534,259
2028	355,754
2029	202,657
2030	60,154
Thereafter	<u>246,099</u>
 Total minimum payments receivable	 <u>\$ 2,029,068</u>

Note 10 - Leases (Lessee)

The Organization leases certain land, building and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2055 and provide for renewal options ranging from one year to twenty years. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the historical prime rate.

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

The Organization elected the practical expedient to not separate leases and non-lease components for a building lease.

Total lease costs for the year ended September 30, 2025 and 2024 were as follows:

	2025	2024
Operating lease cost		
Operating expense	\$ 99,761	\$ 46,956

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

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 134,596	\$ 71,920
Right of use assets obtained in exchange for lease liabilities		
Operating lease	\$ -	\$ 129,975
Right of use assets obtained in exchange for lease liabilities due to lease modifications		
Operating lease	\$ 4,068	\$ 5,125

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

	2025	2024
Weighted-average remaining lease term:		
Operating lease	16.25 Years	15.63 Years
Weighted-average discount rate:		
Operating lease	4.72%	4.72%

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

Years Ending September 30,	Operating
2026	\$ 135,538
2027	90,689
2028	51,558
2029	47,463
2030	41,264
Thereafter	<u>530,652</u>
 Total lease payments	 897,164
Less interest	<u>(243,905)</u>
 Present value of lease liabilities	 <u>\$ 653,259</u>

Note 11 - Fair Value of Assets

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

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

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

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

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

A portion of the Organization's investment assets are classified within Level 1 because they include equity securities, and open-end mutual funds with readily determinable fair values based on daily redemption values. The portion of the Organization's investment assets are classified as Level 2 as they consist of certificates of deposit which can be traded as part of an investment portfolio. The other assets are classified as Level 3 because the Organization values them based on unobservable (non-market) information received.

The related fair values of these assets are determined as follows:

	Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
September 30, 2025				
Fixed income mutual funds	\$ 3,065,980	\$ 3,065,980	\$ -	\$ -
Equity securities	5,374,969	5,374,969	-	-
Stock mutual funds	1,935,429	1,935,429	-	-
Certificates of deposit	3,672,908	-	3,672,908	-
U.S. Treasury bills	3,706,451	-	3,706,451	-
Other investments	47,536	-	-	47,536
	<u>\$ 17,803,273</u>	<u>\$ 10,376,378</u>	<u>\$ 7,379,359</u>	<u>\$ 47,536</u>

Prairie Public Broadcasting, Inc.
 Notes to Consolidated Financial Statements
 September 30, 2025 and 2024

	Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
September 30, 2024				
Fixed income mutual funds	\$ 2,644,046	\$ 2,644,046	\$ -	\$ -
Equity securities	4,194,461	4,194,461	-	-
Stock mutual funds	2,209,753	2,209,753	-	-
Certificates of deposit	3,972,511	-	3,972,511	-
U.S. Treasury bills	3,495,596	-	3,495,596	-
Other investments	<u>45,165</u>	<u>-</u>	<u>-</u>	<u>45,165</u>
	<u><u>\$ 16,561,532</u></u>	<u><u>\$ 9,048,260</u></u>	<u><u>\$ 7,468,107</u></u>	<u><u>\$ 45,165</u></u>

Following is a reconciliation of activity for the assets measured at fair value based upon significant unobservable (non-market) information:

	Other Investments
Balance, September 30, 2023	\$ 37,282
Investment income, net of expenses	9,508
Withdrawals	<u>(1,625)</u>
Balance, September 30, 2024	45,165
Investment income, net of expenses	4,034
Withdrawals	<u>(1,663)</u>
Balance, September 30, 2025	<u><u>\$ 47,536</u></u>

Note 12 - Commitments and Contingencies

Self-Insurance

The Organization is self-insured with respect to certain employee medical costs. Terms of the plan include a stop-loss provision which limits the Organization's liability to \$35,000 per individual or approximately \$661,000 in aggregate annually. The self-insurance is included in accrued liabilities on the consolidated statements of financial position.

	Beginning Balance	Expense	Claims Paid	Ending Balance
2025	\$ 51,000	\$ 610,138	\$ (610,138)	\$ 51,000
2024	\$ 51,000	\$ 412,441	\$ (412,441)	\$ 51,000

Note 13 - In-Kind Contribution Receivable

During 2019, the Organization entered into two agreements with unrelated third parties to lease microwave antenna space for varying periods of time. The lease payment requirements were not equivalent to the fair value of the space that is being leased. The Organization has recorded an in-kind contribution in relation to the value of the use of the space throughout the period of the leases.

Future discount on the lease is as follows:

<u>Years Ending September 30,</u>	<u>Fair Value</u>	<u>Discount</u>	<u>Net</u>
2026	\$ 25,000	\$ -	\$ 25,000
2027	25,000	(2,061)	22,939
2028	25,000	(2,710)	22,290
2029	25,000	(3,340)	21,660
2030	25,000	(3,953)	21,047
Thereafter	<u>206,250</u>	<u>(48,442)</u>	<u>157,808</u>
Total	\$ 331,250	\$ (60,506)	\$ 270,744

Note 14 - In-Kind Contribution Revenue

For the years ended September 30, 2025 and 2024, in-kind contributions recognized within the consolidated statements of activities included the following:

<u>Non-Financial Contributions Category</u>	<u>Type of Contributions for Beneficiaries</u>	<u>Valuation</u>	<u>Monetized or Utilized</u>	<u>2025</u>	<u>2024</u>
Contribution Revenue - Roof Rights	Roof space on top of the Radisson hotel for the radio antenna	Standard industry pricing for similar services	Utilized	\$ 12,500	\$ 12,500

Note 15 - Sale of PPB Ventures

In January 2025, the Organization sold its subsidiary to an unrelated third party. The Organization received gross proceeds of \$64,541 and recognized a gain on the sale of the subsidiary. In connection with the sale, the Organization sold various assets, including inventory, prepaid expenses, intangibles, and property and equipment with a net book value of \$32,041.

Note 16 - Subsequent Events

Subsequent to year-end, the Corporation for Public Broadcasting (CPB), a private, nonprofit corporation created by congress to steward the federal government's investment in public broadcasting, announced its decision to dissolve. CPB has historically been a significant funding source for the Organization. During fiscal year 2025, the Organization received approximately \$2 million in funding from CPB. Going forward, the Organization will no longer receive funding from CPB. Management is currently evaluating the potential impact of this development on future operations and financial results.

The Organization has evaluated subsequent events through January 20, 2026, the date which the consolidated financial statements were available to be issued.

Supplementary Information
September 30, 2025

Prairie Public Broadcasting, Inc.



Independent Auditor's Report on Supplementary Information

To the Board of Directors
Prairie Public Broadcasting, Inc.
Fargo, North Dakota

We have audited the consolidated financial statements of Prairie Public Broadcasting, Inc. as of and for the year ended September 30, 2025, and have issued our report thereon dated January 20, 2026, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The Supplementary Information (Budget to Actual) is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fargo, North Dakota
January 20, 2026

Prairie Public Broadcasting, Inc.
 Supporting Schedule to the Statement of Activities
 Year Ended September 30, 2025

	Budget (unaudited)	Actual
Television		
Support and Revenue	\$ 5,510,704	\$ 5,660,796
Expenses		
Programming and production	3,214,761	2,924,022
Engineering	2,393,683	2,123,593
Development	434,000	372,027
Total expenses	<u>6,042,444</u>	<u>5,419,642</u>
Excess of Support and Revenue over Expenses (Expenses over Support and Revenue)	<u>\$ (531,740)</u>	<u>\$ 241,154</u>
Radio		
Support and Revenue	\$ 1,182,500	\$ 1,191,454
Expenses		
Programming and production	1,584,226	1,371,811
Engineering	496,200	340,358
Development	105,700	84,540
Total expenses	<u>2,186,126</u>	<u>1,796,709</u>
Excess of Expenses over Support and Revenue	<u>\$ (1,003,626)</u>	<u>\$ (605,255)</u>
Corporate		
Allocated to television	\$ 2,181,226	\$ 3,245,623
Allocated to radio	1,026,459	1,527,353
Total support and revenue	<u>3,207,685</u>	<u>4,772,976</u>
General and Administrative Expenses		
Allocated to television	1,328,119	1,457,877
Allocated to radio	624,997	686,060
Total expenses	<u>1,953,116</u>	<u>2,143,937</u>
Excess of Support and Revenue over Expenses	<u>\$ 1,254,569</u>	<u>\$ 2,629,039</u>
Total		
Support and Revenue	\$ 9,900,889	\$ 11,625,226
Expenses	10,181,686	9,360,288
Excess of Support and Revenue over Expenses	<u>\$ (280,797)</u>	<u>\$ 2,264,938</u>

Prairie Public Broadcasting, Inc.

Schedule of Support and Revenue

Year Ended September 30, 2025

	Budget (unaudited)	Actual
Television		
Membership (1)	\$ 1,700,000	\$ 2,004,631
CPB income (2)	1,754,500	1,889,012
ND state support (4)	400,000	135,000
MN state support (4)	692,333	829,887
MN bond revenue (4)	735,871	199,524
Underwriting (5)	265,500	257,037
Educational fees (6)	20,000	(2,725)
MN capital grant (4)	-	10,872
Program products (8)	5,000	1,629
Foundation income (3)	26,000	20,376
CPB interconnection grant (2)	20,500	22,129
Broadcast income (8)	5,000	15,760
Grant income (3)	-	27,775
Miscellaneous (8)	-	213
Special gifts (8)	6,000	381,672
Special events (8)	10,000	(6,189)
Canadian exchange (1)	(130,000)	(125,807)
 Total television	 5,510,704	 5,660,796
 Radio	 	
Membership (1)	530,000	693,090
Underwriting (5)	145,500	119,181
CPB income (2)	225,000	285,395
ND state support (4)	200,000	65,000
Grant income (3)	79,000	15,000
Miscellaneous (8)	-	3,094
Special events (8)	3,000	10,694
 Total radio	 1,182,500	 1,191,454

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2025

	<u>Budget</u> (unaudited)	<u>Actual</u>
Corporate		
Television		
Gaming net income (7)	\$ 1,160,293	\$ 1,060,129
Tower rent (9)	634,794	640,961
Contracted services (8)	3,400	-
Building rent (9)	37,842	38,126
Capital patronage (8)	33,048	35,180
Oil well royalties (8)	5,780	2,822
Interest income (10)	301,240	523,774
Other revenues (8)	6,869	486,776
Realized and unrealized gains and losses (10)	-	429,413
Endowment contribution (8)	-	44,200
In kind (8)	-	8,500
Gain on sale of equipment (8)	-	(21,075)
Vending loss (8)	<u>(2,040)</u>	<u>(3,183)</u>
	<u>2,181,226</u>	<u>3,245,623</u>
Radio		
Gaming net income (7)	546,020	498,884
Tower rent (9)	298,726	301,629
Contracted services (8)	1,600	-
Building rent (9)	17,808	17,942
Capital patronage (8)	15,552	16,556
Oil well royalties (8)	2,720	1,328
Interest income (10)	141,760	246,482
Other revenues (8)	3,233	229,071
Realized and unrealized gains and losses (10)	-	202,077
Endowment contribution (8)	-	20,800
In kind (8)	-	4,000
Gain on sale of equipment (8)	-	(9,918)
Vending loss (8)	<u>(960)</u>	<u>(1,498)</u>
	<u>1,026,459</u>	<u>1,527,353</u>
Total corporate	<u>3,207,685</u>	<u>4,772,976</u>
Total Support and Revenue	<u>\$ 9,900,889</u>	<u>\$ 11,625,226</u>
Gaming and concession expenses		
Allocated to television (7)	\$ (2,376,115)	\$ (2,170,107)
Allocated to radio (7)	<u>(1,118,172)</u>	<u>(1,021,227)</u>
Total gaming and concession expenses	<u>\$ (3,494,287)</u>	<u>\$ (3,191,334)</u>

Prairie Public Broadcasting, Inc.

Schedule of Support and Revenue

Year Ended September 30, 2025

	Budget (unaudited)	Actual
Public Support and Revenue - Television		
Membership (1)	\$ 1,570,000	\$ 1,878,824
CPB income (2)	1,775,000	1,911,141
Grants (3)	26,000	48,151
State Support (4)	1,828,204	1,175,283
Underwriting (5)	265,500	257,037
Fees (6)	20,000	(2,725)
Gaming (net of prize payouts and cost of sales) (7)	3,536,408	3,230,236
Other (8)	73,057	946,305
Rents (9)	672,636	679,087
Net investment return (10)	301,240	953,187
 Total Public Support and Revenue - Television	 10,068,045	 11,076,526
 Public Support and Revenue - Radio	 	
Membership (1)	530,000	693,090
CPB income (2)	225,000	285,395
Grants (3)	79,000	15,000
State Support (4)	200,000	65,000
Underwriting (5)	145,500	119,181
Gaming (net of prize payouts and cost of sales) (7)	1,664,192	1,520,111
Other (8)	25,145	274,127
Rents (9)	316,534	319,571
Net investment return (10)	141,760	448,559
 Total Public Support and Revenue - Radio	 3,327,131	 3,740,034
 Public Support and Revenue (Summarized from Above)	 	
Membership (1)	2,100,000	2,571,914
CPB income (2)	2,000,000	2,196,536
Grants (3)	105,000	63,151
State Support (4)	2,028,204	1,240,283
Underwriting (5)	411,000	376,218
Fees (6)	20,000	(2,725)
Gaming (net of prize payouts and cost of sales) (7)	5,200,600	4,750,347
Other (8)	98,202	1,220,432
Rents (9)	989,170	998,658
Net investment return (10)	443,000	1,401,746
 Total Public Support and Revenue	 \$ 13,395,176	 \$ 14,816,560

Prairie Public Broadcasting, Inc.
 Schedule of Programming and Production Expenses – Television
 Year Ended September 30, 2025

	Budget (unaudited)	Actual
Salary - Full-time	\$ 1,288,300	\$ 1,211,335
Program rights	866,151	794,003
Benefits	472,800	420,758
Production	44,600	41,413
Contracted services	101,000	63,705
Miscellaneous	155,060	124,655
FICA tax	104,600	87,236
Program information	38,650	42,191
Postage	32,550	26,731
Travel	33,300	34,479
Supplies	4,950	15,578
Dues and subscriptions	28,600	28,320
Training	11,500	1,835
Equipment repair	14,700	14,453
Telephone	1,200	100
Printing	1,300	116
Equipment	500	770
Set material	1,000	49
Salary - Part-time	500	80
Nielsen Survey	11,500	10,898
Video tape	2,000	5,317
 Total programming and production expenses - television	 <u>\$ 3,214,761</u>	 <u>\$ 2,924,022</u>

Prairie Public Broadcasting, Inc.
 Schedule of Engineering Expenses – Television
 Year Ended September 30, 2025

	Budget (unaudited)	Actual
Depreciation	\$ 800,000	\$ 649,614
Salary - Full-time	729,400	722,959
Power Costs	234,300	212,806
Benefits	224,900	206,390
Transmitter Repairs and Maintenance	186,300	122,765
Video Equipment Repairs and Maintenance	25,700	24,293
FICA Tax	56,800	59,213
Travel	24,000	15,680
Salary - Part-Time	40,400	36,723
Vehicle Repair	4,000	6,117
Rents and Leases	63,733	65,060
Training	2,000	-
Telephone	900	640
Equipment	750	-
Miscellaneous	500	1,333
 Total engineering expenses - television	 <u>\$ 2,393,683</u>	 <u>\$ 2,123,593</u>

Prairie Public Broadcasting, Inc.
 Schedule of Programming and Production Expenses – Radio
 Year Ended September 30, 2025

	Budget (unaudited)	Actual
Salary - Full-time	\$ 816,700	\$ 765,627
Program Acquisition	354,711	296,882
Benefits	228,800	202,243
Salary - Part-Time	-	2,456
FICA Tax	57,100	56,265
Program Production	60,100	-
Contracted Services	16,000	12,740
Travel	11,300	9,508
Training	10,200	2,102
Satellite Interconnection Fees	11,315	12,958
Miscellaneous	12,500	7,736
Postage	2,550	1,877
Telephone	1,950	1,417
Supplies	1,000	-
 Total programming and production expenses - radio	 <u>\$ 1,584,226</u>	 <u>\$ 1,371,811</u>

Prairie Public Broadcasting, Inc.
Schedule of Engineering Expenses – Radio
Year Ended September 30, 2025

	<u>Budget</u> (unaudited)	<u>Actual</u>
Power cost	\$ 169,300	\$ 155,254
Depreciation	90,000	30,219
Salary - Full-Time	178,600	91,767
Benefits	19,000	20,202
Repairs and Maintenance	14,000	8,526
FICA Tax	13,700	3,966
Audio Repairs and Maintenance	5,600	8,907
Equipment	<u>6,000</u>	<u>21,517</u>
 Total engineering expenses - radio	 <u>\$ 496,200</u>	<u>\$ 340,358</u>

Prairie Public Broadcasting, Inc.

Schedule of General and Administrative Expenses – Corporate
Year Ended September 30, 2025

	Budget (unaudited)	Actual
Salary - Full-Time	\$ 733,400	\$ 717,852
Insurance	345,000	348,084
Utilities	30,000	88,038
Depreciation	62,000	113,254
Bank Charges	62,500	67,594
Benefits	83,300	51,408
Professional Fees	171,900	217,732
Board Costs	26,000	24,346
FICA Tax	54,000	45,074
Travel	20,500	28,826
Interest	-	38
Dues and Subscriptions	50,000	51,767
Repairs and Maintenance - Building	61,000	84,387
Computer	39,700	76,802
Cost of Contracted Services	15,000	13,851
Office Supplies	8,750	10,167
Cleaning and Custodial	21,900	21,750
Telephone	14,000	12,408
Postage and Freight	10,200	9,121
Miscellaneous	9,500	30,321
Unemployment Tax	4,000	631
Real Estate Tax	38,000	14,990
Promotion	1,200	331
Worker's Compensation	1,900	1,416
Training	3,500	1,170
Hiring	50,000	50,277
Equipment	25,500	37,500
Rent and Lease	17,066	37,632
Finance Charges	-	151
Repairs and Maintenance - Vehicles and Equipment	(6,700)	(12,981)
 Total general and administrative expenses - corporate	 <u>\$ 1,953,116</u>	 <u>\$ 2,143,937</u>

Prairie Public Broadcasting, Inc.
 Schedule of Development Expenses – Television
 Year Ended September 30, 2025

	Budget (unaudited)	Actual
New Member Acquisition	\$ 282,600	\$ 234,246
Premiums	32,000	20,535
Membership	50,000	56,211
Credit Loss Expense	36,000	37,156
Postage	10,800	8,074
Promotion	15,000	13,500
Travel	3,500	1,239
Customer Service	1,100	122
Training	3,000	944
 Total development expenses - television	 <u>\$ 434,000</u>	 <u>\$ 372,027</u>

Prairie Public Broadcasting, Inc.
Schedule of Development Expenses – Radio
Year Ended September 30, 2025

	Budget (unaudited)	Actual
New Member Acquisition	\$ 50,000	\$ 49,106
Membership	44,700	21,570
Credit Loss Expense	<u>11,000</u>	<u>13,864</u>
 Total development expenses - radio	 <u>\$ 105,700</u>	 <u>\$ 84,540</u>

Prairie Public Broadcasting, Inc.
Schedule of Gaming Income and Direct Expenses
Year Ended September 30, 2025

	<u>Budget</u> (unaudited)	<u>Actual</u>
Gaming Income		
Pull tabs	\$ 1,657,000	\$ 1,355,596
E-tabs	39,400,900	36,153,023
Bingo	2,496,600	2,813,606
Blackjack	174,300	162,983
Paddlewheel	-	-
Raffle	-	3,752
Poker	-	64,450
Promotional items and other	151,200	143,658
Vending	<u>14,400</u>	<u>3,945</u>
Total gaming income	43,894,400	40,701,013
Cost of Gaming Income		
Pull tab prizes	1,350,000	1,097,905
E-tab prizes	35,164,300	32,283,128
Poker prizes	-	52,465
Raffle prizes	-	1,442
Bingo prizes	<u>2,179,500</u>	<u>2,515,726</u>
Total cost of gaming income	38,693,800	35,950,666
Adjusted Gross Proceeds	5,200,600	4,750,347
Direct Expenses	(3,494,287)	(3,191,334)
Net Gaming Income	\$ 1,706,313	\$ 1,559,013
Direct Expenses		
Salaries	\$ 689,700	\$ 664,168
State gaming tax	554,128	525,675
Benefits	224,500	183,603
Rent and leases	190,740	168,555
FICA	124,228	77,792
Gaming supplies	1,414,000	1,291,347
Depreciation	53,388	49,799
Promotion	45,180	48,162
Utilities	30,000	25,148
Real estate taxes	26,400	23,700
Vending	5,400	1,087
Contracted services	36,000	38,520
Supplies	14,600	13,887
ND employment taxes	-	252
Insurance	25,200	33,923
Miscellaneous	8,463	7,997
Resale supplies	6,000	6,263
Travel	25,440	13,713
Repair and maintenance - equipment	2,000	2,677
Repair and maintenance - building	10,200	7,070
Postage	2,880	3,842
Training	-	473
Small equipment	1,600	2,233
Telephone	4,120	1,080
Accounting, audit, legal, and bank fees	120	120
Workers' compensation	-	248
Total direct expenses	\$ 3,494,287	\$ 3,191,334