

# **Friends of Montana PBS, Inc.**

## Financial Statements

Year Ended June 30, 2025  
with Independent Auditor's Report

**MaherDuessel P.C.**

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# FRIENDS OF MONTANA PBS, INC.

YEAR ENDED JUNE 30, 2025

## TABLE OF CONTENTS

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### **Independent Auditor's Report**

### **Financial Statements:**

Statement of Financial Position	1
Statement of Activities	2
Statement of Cash Flows	3
Notes to Financial Statements	4

## Independent Auditor's Report

**Board of Directors  
Friends of Montana PBS, Inc.**

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Friends of Montana PBS, Inc. (Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, 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 the Organization 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 the Organization, 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.

#### **Emphasis of Matter**

As further described in Note 2 to the financial statements, net assets and donations receivables as of June 30, 2024 have been restated to correct the accounting for sustaining membership pledge amounts. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern 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.

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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Maier Duessel P. C.*

Pittsburgh, Pennsylvania  
February 27, 2026

# FRIENDS OF MONTANA PBS, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

	<u>2025</u>
<b>Assets</b>	
<hr/>	
Current assets:	
Cash & cash equivalents	\$ 396,126
Certificates of deposit	6,685,130
Donations receivable	5,000
Prepaid expenses	15,810
Premium inventory	32,723
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Total current assets	7,134,789
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Other assets:	
Investments	21,984,907
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<b>Total Assets</b>	<b>\$ 29,119,696</b>
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<b>Liabilities and Net Assets</b>	
<hr/>	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 81,296
	<hr/>
Total Liabilities	81,296
	<hr/>
Net Assets:	
Without donor restrictions	4,276,711
With donor restrictions	24,761,689
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Total Net Assets	29,038,400
	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 29,119,696</b>
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See accompanying notes to financial statements.

# FRIENDS OF MONTANA PBS, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>			
Donations	\$ 2,452,485	\$ 10,207,902	\$ 12,660,387
Membership dues	1,144,467	-	1,144,467
Investment income, net	1,441,058	-	1,441,058
Miscellaneous	46,963	-	46,963
Net assets released from restrictions	229,197	(229,197)	-
Total revenue and support	5,314,170	9,978,705	15,292,875
<b>Expenses:</b>			
Program:			-
KUSM television per contract	1,866,503	-	1,866,503
KUFM television per contract	466,625	-	466,625
KUSM television programming support	158,129	-	158,129
KUFM television programming support	217,500	-	217,500
Other program:			
Program guide costs	141,548	-	141,548
Total program	2,850,305	-	2,850,305
Management and administrative:			
Accounting and bookkeeping services	18,978	-	18,978
Insurance	2,262	-	2,262
Miscellaneous	28,185	-	28,185
Travel and conferences	8,065	-	8,065
Total management and administrative	57,490	-	57,490
Fundraising:			
Credit card and bank fees	43,558	-	43,558
Pledge drive premiums and support	65,031	-	65,031
Postage and direct mail preparation	8,740	-	8,740
Promotion and promotional premiums	194,619	-	194,619
Services	461,788	-	461,788
Special events	7,540	-	7,540
Total fundraising	781,276	-	781,276
Total expenses	3,689,071	-	3,689,071
<b>Change in Net Assets</b>	1,625,099	9,978,705	11,603,804
<b>Net Assets:</b>			
Beginning of year, as restated	2,651,612	14,782,984	17,434,596
End of year	\$ 4,276,711	\$ 24,761,689	\$ 29,038,400

See accompanying notes to financial statements.

# FRIENDS OF MONTANA PBS, INC.

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025

	<u>2025</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts from donors	\$ 12,467,971
Receipts from membership dues	1,144,467
Other cash receipts	46,963
Payments to vendors	<u>(3,627,009)</u>
Net cash provided by (used in) operating activities	<u>10,032,392</u>
<b>Cash Flows From Investing Activities:</b>	
Purchases of certificates of deposits	(9,305,538)
Redemptions of certificates of deposits	7,355,000
Purchases of investments	(10,124,983)
Proceeds from sale of investments	<u>2,012,305</u>
Net cash provided by (used in) investing activities	<u>(10,063,216)</u>
<b>Net Increase (Decrease) in Cash</b>	(30,824)
<b>Cash:</b>	
Beginning of year	<u>426,950</u>
End of year	<u>\$ 396,126</u>
<b>Reconciliation of Net Assets to Net Cash Flows</b>	
<b>From Operating Activities:</b>	
Change in net assets	\$ 11,603,804
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Net gain on investments	(1,441,058)
Donated securities	(222,416)
Change in:	
Donations receivable	30,000
Prepaid expenses	(8,601)
Premium inventory	(10,633)
Accounts payable	81,296
Grants payable	-
Total adjustments	<u>(1,571,412)</u>
Net cash provided by (used in) operating activities	<u>10,032,392</u>
<b>Supplemental Cash Flow Information:</b>	
Noncash transaction during the year for:	
Stock donation	<u>\$ 222,416</u>

See accompanying notes to financial statements.

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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### 1. Organization

The Friends of Montana PBS, Inc., (Organization) is a not-for-profit organization under Internal Revenue Code Section 501(c)(3) and is classified as other than a private Organization. The Organization raises funds to provide financial and other support to KUSM-TV, a public television station under license by Montana State University (MSU) and KUFM-TV, a public television station under license by the University of Montana (UM). The support provided includes fundraising, positive community relations, a volunteer system, and related administrative services.

The administration of the Organization is provided by a volunteer Board of Directors (Board) consisting of eight to 26 members. One member of the Board shall be the General Manager of KUSM and one member the General Manager of KUFM. One member shall be the President of MSU and one member shall be the President of the UM or a person designated annually by the respective Presidents to serve on their behalf.

### 2. Summary of Significant Accounting Policies

A summary of significant accounting policies consistently applied by the Organization in the preparation of the accompanying financial statements follows:

#### Basis of Accounting

The financial statements were prepared using the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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### Restatement

Net assets and donations receivable were restated as of June 30, 2024 to correct the accounting for sustaining membership pledge amounts. Sustaining memberships represent recurring payments that donors may cancel at any time. Because there is no enforceable promise and donors retain the right to cancel or terminate at will, these recurring donations do not meet the criteria to be recognized as donations receivable. Accordingly, a previously recorded donations receivable balance of \$372,090 and the related allowance for uncollectible donations of \$18,605 were removed in the restatement. This resulted in a restatement of net assets of \$353,485.

### Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

*Net assets without donor restrictions* are net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the Board. The governing board has designated, from net assets without donor restrictions, a board-designated reserve and board-designated investments in the future fund.

*Net assets with donor restrictions* are net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed 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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed 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. The Organization has no net assets that are perpetual in nature.

### Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include all highly liquid instruments with maturities of three months or less, unless restricted by the donor to long-term investments. All amounts included in the statements of financial position under the caption of cash and cash equivalents meet this criterion.

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# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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Cash and cash equivalents are held in banks that carry FDIC insurance up to \$250,000 per bank, per depositor. Investment cash held at D.A. Davidson is fully insured through the Bank Insured Deposit Program (BIDP), which automatically sweeps uninvested cash from brokerage or investment accounts into interest-bearing deposit accounts across a network of FDIC-insured banks. By distributing funds among multiple institutions, FDIC coverage extends beyond the standard \$250,000 limit per depositor, per bank. The Organization has not experienced any losses in such accounts. As of June 30, 2025, funds did not exceed federally insured limits.

### Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value based on quoted market prices. Dividends are recorded on the ex-dividend date. Unrealized gains and losses on investments resulting from market fluctuations are reported in the statement of activities in the period that such fluctuations occur.

Certificates of deposit are reported at amortized cost, which approximates market.

Investments are exposed to various risks, such as interest rates and market and credit conditions. Due to the level of risk associated with investments and the level of uncertainty related to the changes in the value of investments, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position.

### Inventories

Inventory consists of membership premium items, which are valued at the lower of cost or net realizable value by methods approximating a first-in, first-out basis. Net realizable value is defined as the estimated selling price, less reasonably predictable costs of completion and disposal.

### Grants

Grants are recognized when they are approved by the Board for payment, provided the grant is not subject to future contingencies. Grants payable represents all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statement of financial position date. Grants payable that are expected to be paid in future years are

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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recorded at the present value of expected future payments. All grants payable are due within one year. The Organization has no grants payable for year ended June 30, 2025.

### Donations and Receivables

Donations consist of funds raised through on-air pledge drives, direct mail solicitations, and door-to-door solicitations. Contributions are recognized as revenues in the period cash or assets are transferred or unconditional promises are secured. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt.

Donations receivable that are expected to be collected within one year are recorded at net realizable value. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. All donations receivable are expected to be collected within one year.

Management evaluates donations receivable for collectability based on the status of individual accounts and prior experience. Based on this evaluation, management has concluded that an allowance for uncollectible donations receivable is not necessary, and no allowance has been recorded as of June 30, 2025.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Expirations of restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

### Membership Dues

Members pay annual dues of \$60 or \$35 if they elect to receive only the program guide. Members may choose either a \$5 recurring monthly payment or a one-time payment to satisfy their annual dues. Membership dues are recognized as revenue at the time of admission to membership.

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# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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### Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. If expenses are attributed to more than one program or supporting function, they are allocated on the basis of estimates of time and effort. For the year ended June 30, 2025, all expenses were directly assigned to programs and supporting services.

### Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not considered a private Foundation. As a result, no provision or liability for federal or state income taxes has been included in these financial statements. Further, the Organization annually files a Form 990.

### Adopting Accounting Standards

The provisions of this Standards Update have been adopted and incorporated into these financial statements: ASU 2025-05, *“Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.”* This ASU provides a practical expedient and an optional accounting policy election for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. The adoption was not considered material to the financial statements.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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### 3. Liquidity and Availability

The following reflects the Organization's financial assets as of June 30 2025, reduced by amounts not available for general use within one year due to donor or other restrictions limiting their use:

Financial assets:	
Cash and cash equivalents	\$ 396,126
Donations receivable	5,000
Investments/certificates of deposit	<u>28,670,037</u>
Total financial assets	<u>29,071,163</u>
Unavailable for general expenditures in one year:	
Net assets with board designation	(1,510,276)
Net assets with donor restrictions	<u>(24,761,689)</u>
Total restricted funds	<u>(26,271,965)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,799,198</u>

The Organization is substantially supported by restricted contributions and donations. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize investment of available funds.

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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### 4. Affiliated Related Transactions

The Organization has an agreement with Montana PBS which is made up of KUSM and KUFM. Per this agreement, the Organization will raise funds for Montana PBS, invest the funds and provide a reasonable budget for its operating and administrative expenses.

Pursuant to the affiliation agreement, each station agrees to present to the Organization an annual network agreement specifying the funds to be allocated among the MSU station and the UM station. The Organization will disburse the allocated funds in accordance with the agreement within a reasonable time. In the year ended June 30, 2025, the Organization paid in periodic payments to MSU \$1,866,503 and UM \$466,625 per the contract terms.

### 5. Investments and Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosure*, defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Following is a description of the valuation methods used by the Organization for assets measured at fair value. There has been no change in the methodologies used at June 30, 2025.

*Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the entity are openly traded open-ended mutual funds and are required to publish their daily net asset value (NAV) and to transact at that price.

*Certificates of deposit* - Valued at rates currently offered for deposits of similar remaining maturities.

*U.S. Government Bonds* – Valued based on quoted market prices, when available, or using observable market inputs such as benchmark yields, reported trades, and broker/dealer quotations.

The following presents the Organization's assets measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 19,199,111	\$ -	\$ -	\$ 19,199,111
US Government Bonds	2,785,796	-	-	2,785,796
Certificates of deposit		6,685,130	-	6,685,130
Total	<u>\$ 21,984,907</u>	<u>\$ 6,685,130</u>	<u>\$ -</u>	<u>\$ 28,670,037</u>

Investment income is classified in the statements of activities and consists of the following:

Dividends and interest income	\$ 111,989
Net unrealized/realized gains on investments	1,442,367
Investment fees	<u>(113,298)</u>
Total	<u>\$ 1,441,058</u>

# FRIENDS OF MONTANA PBS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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### 6. Board Designations of Net Assets without Donor Restrictions

The Organization's Board has designated net assets without donor restrictions for the following purposes as of June 30, 2025:

Future fund (Long term investments)	\$ 1,393,055
Building expansion	<u>117,221</u>
	<u>\$ 1,510,276</u>

### 7. Net Assets with Donor Restrictions

Donor restricted net assets are available for the following purposes as of June 30, 2025:

Subject to expenditure for specific purpose:	
Local production	\$ 107,506
Lecture series	23,270
Learning Media/Outreach	24,015
Building expansion	24,601,898
Subject to the passage of time:	
Donations receivable restricted for future periods	<u>5,000</u>
Total	<u>\$ 24,761,689</u>