Financial Statements
June 30, 2026 and 2025

Friends of South Dakota Public Broadcasting

Friends of South Dakota Public Broadcasting
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Independent Auditor's Report

To the Board of Directors
Friends of South Dakota Public Broadcasting
Sioux Falls, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Friends of South Dakota Public Broadcasting (Organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Eide Bailly LLP

Sioux Falls, South Dakota
October 21, 2026

Friends of South Dakota Public Broadcasting

Statements of Financial Position

June 30, 2026 and 2025

	2026	2025
Assets		
Current Assets		
Cash and cash equivalents	$ 1,467,704	$ 619,322
Corporate support receivables	98,723	107,723
Promises to give	44,950	282,910
Prepaid expenses	44,005	21,513
Total current assets	1,655,382	1,031,468
Investments	6,849,744	4,431,695
Property and Equipment		
Leasehold improvements	827,000	827,000
Furniture and equipment	66,445	66,445
	893,445	893,445
Less accumulated depreciation	(365,941)	(312,601)
Total property and equipment	527,504	580,844
Other Assets		
Promises to give, less current portion, net	47,861	54,418
Beneficial interest in assets held by community foundations	5,551,567	4,355,584
Beneficial interest in charitable trust	198,890	189,673
Operating lease right of use asset	1,949,127	2,087,630
Total other assets	7,747,445	6,687,305
	$ 16,780,075	$ 12,731,312

See Notes to Financial Statements

Friends of South Dakota Public Broadcasting

Statements of Financial Position

June 30, 2026 and 2025

	2026	2025
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 155,739	$ 150,706
Deferred revenue	87,488	104,730
Operating lease liability, current portion	138,793	133,271
Long-term debt, current portion	-	135,000
Total current liabilities	382,020	523,707
Operating Lease Liability, Net of Current Portion	1,842,867	1,981,660
Total liabilities	2,224,887	2,505,367
Net Assets		
Without donor restrictions		
Undesignated	2,520,635	394,925
Designated by the Board for endowment	5,192,556	4,431,695
	7,713,191	4,826,620
With donor restrictions	6,841,997	5,399,325
Total net assets	14,555,188	10,225,945
	$ 16,780,075	$ 12,731,312

Friends of South Dakota Public Broadcasting

Statements of Activities

Years Ended June 30, 2026 and 2025

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Membership contributions	$ 3,373,839	$ -	$ 3,373,839	$ 2,468,890	$ -	$ 2,468,890
Grants, gifts, and donations	2,871,184	1,041,641	3,912,825	932,986	458,288	1,391,274
Corporate support	1,256,478	-	1,256,478	1,165,873	-	1,165,873
Net investment return	553,303	10,477	563,780	375,215	-	375,215
Change in value of beneficial interests in assets held by community foundations	-	700,496	700,496	-	446,605	446,605
Distributions from and change in value of beneficial interest in charitable trust	-	9,217	9,217	-	7,639	7,639
Contribution of nonfinancial assets	85,794	-	85,794	6,680	-	6,680
Other income	16,986	-	16,986	2,705	-	2,705
Net assets released from restrictions	319,159	(319,159)	-	318,181	(318,181)	-
Total revenue and other support	8,476,743	1,442,672	9,919,415	5,270,530	594,351	5,864,881
Expenses						
Program services expenses	3,255,604	-	3,255,604	2,484,973	-	2,484,973
Supporting services expenses						
Management and general	433,901	-	433,901	391,794	-	391,794
Fundraising	1,900,667	-	1,900,667	1,769,608	-	1,769,608
Total supporting services expenses	2,334,568	-	2,334,568	2,161,402	-	2,161,402
Total expenses	5,590,172	-	5,590,172	4,646,375	-	4,646,375
Change in Net Assets	2,886,571	1,442,672	4,329,243	624,155	594,351	1,218,506
Net Assets, Beginning of Year	4,826,620	5,399,325	10,225,945	4,202,465	4,804,974	9,007,439
Net Assets, End of Year	$ 7,713,191	$ 6,841,997	$ 14,555,188	$ 4,826,620	$ 5,399,325	$ 10,225,945

See Notes to Financial Statements

Friends of South Dakota Public Broadcasting

Statement of Functional Expenses

Year Ended June 30, 2026

	Program Supporting SDPB	Management and General	Fundraising				Total
			Membership	Lead Giving	Corporate Support	Total	
Salaries	$ -	$ 154,108	$ 312,287	$ 259,287	$ 275,541	$ 847,115	$ 1,001,223
Payroll taxes and employee benefits	-	29,995	79,176	59,506	52,820	191,502	221,497
Travel	-	2,129	2,823	6,515	9,237	18,575	20,704
Dues and subscriptions	-	2,328	3,813	5,392	2,663	11,868	14,196
Meetings	-	30,932	5,355	19,557	7,449	32,361	63,293
Contract services	-	266	13,070	3,975	14,530	31,575	31,841
Office supplies	-	13,413	69,708	19,229	16,387	105,324	118,737
Insurance	-	10,468	-	-	-	-	10,468
Postage	-	583	12,032	1,422	273	13,727	14,310
Telephone	-	9,264	66,409	1,675	2,355	70,439	79,703
Professional services	-	147,123	-	-	-	-	147,123
Occupancy	-	2,086	3,444	1,073	715	5,232	7,318
Advertising and promotion	-	3,359	283	4,428	3,984	8,695	12,054
Direct mail	-	-	294,639	-	-	294,639	294,639
Telemarketing	-	-	67,049	-	-	67,049	67,049
Membership recognition	-	-	798	7,720	-	8,518	8,518
Bank fees	-	74	84,910	-	-	84,910	84,984
Operating lease expense	-	11,458	18,922	5,893	3,928	28,743	40,201
Depreciation	-	15,203	25,106	7,819	5,212	38,137	53,340
Bad debt expense	-	-	-	27,000	-	27,000	27,000
Other	-	1,112	345	-	14,913	15,258	16,370
Contributions to South Dakota Public Broadcasting (SDPB)							
Direct	1,307,680	-	-	-	-	-	1,307,680
Indirect	1,947,924	-	-	-	-	-	1,947,924
	$ 3,255,604	$ 433,901	$ 1,060,169	$ 430,491	$ 410,007	$ 1,900,667	$ 5,590,172

See Notes to Financial Statements

Friends of South Dakota Public Broadcasting

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Supporting SDPB	Management and General	Fundraising				Total
			Membership	Lead Giving	Corporate Support	Total	
Salaries	$ -	$ 159,719	$ 286,047	$ 247,116	$ 285,306	$ 818,469	$ 978,188
Payroll taxes and employee benefits	-	33,895	67,351	53,998	49,903	171,252	205,147
Travel	-	404	4,561	12,117	11,758	28,436	28,840
Dues and subscriptions	-	8,626	1,200	643	957	2,800	11,426
Meetings	-	17,074	1,237	7,435	7,705	16,377	33,451
Contract services	-	563	19,254	6,000	16,732	41,986	42,549
Office supplies	-	14,567	56,789	11,106	19,368	87,263	101,830
Insurance	-	10,394	-	-	-	-	10,394
Postage	-	674	12,822	728	223	13,773	14,447
Telephone	-	8,068	45,755	1,620	2,460	49,835	57,903
Professional services	-	97,364	-	-	-	-	97,364
Occupancy	-	2,326	3,840	1,196	797	5,833	8,159
Advertising and promotion	-	10,250	8,015	468	5,835	14,318	24,568
Direct mail	-	-	297,931	-	-	297,931	297,931
Telemarketing	-	-	64,703	-	-	64,703	64,703
Membership recognition	-	-	511	14,013	293	14,817	14,817
Bank fees	-	86	66,002	-	-	66,002	66,088
Operating lease expense	-	12,491	20,628	6,424	4,283	31,335	43,826
Depreciation	-	15,031	24,822	7,731	5,153	37,706	52,737
Other	-	262	323	(231)	6,680	6,772	7,034
Contributions to South Dakota Public Broadcasting (SDPB)							
Direct	1,350,854	-	-	-	-	-	1,350,854
Indirect	1,134,119	-	-	-	-	-	1,134,119
	$ 2,484,973	$ 391,794	$ 981,791	$ 370,364	$ 417,453	$ 1,769,608	$ 4,646,375

See Notes to Financial Statements

Friends of South Dakota Public Broadcasting
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Activities		
Change in net assets	$ 4,329,243	$ 1,218,506
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	53,340	52,737
Realized and unrealized gains on investments	(428,323)	(279,494)
Change in beneficial interests in assets held by community foundations	(1,215,994)	(446,605)
Change in value of beneficial interest in charitable trust	(19,198)	(17,025)
Bad debt	27,000	-
Changes in operating assets and liabilities		
Corporate support receivables	9,000	(11,129)
Promises to give, net	217,517	(26,452)
Prepaid expenses	(22,492)	(1,037)
Accounts payable and accrued liabilities	5,033	(2,155)
Deferred revenue	(17,242)	36,986
Operating lease asset and liability	5,232	7,218
Net Cash from Operating Activities	2,943,116	531,550
Investing Activities		
Distributions from community foundation	20,011	117,857
Contributions to community foundation	-	(5,625)
Purchases of property and equipment	-	(15,510)
Proceeds from sales of investments	1,475,897	321,849
Purchases of investments	(3,465,623)	(466,441)
Net Cash used for Investing Activities	(1,969,715)	(47,870)
Financing Activities		
Distribution received from charitable trust	9,981	9,386
Principal payment on long-term debt	(135,000)	(135,000)
Net Cash used for Financing Activities	(125,019)	(125,614)
Net Change in Cash and Cash Equivalents	848,382	358,066
Cash and Cash Equivalents, Beginning	619,322	261,256
Cash and Cash Equivalents, Ending	$ 1,467,704	$ 619,322

Note 1 - Principal Activities and Significant Accounting Policies

Nature of Activities

Friends of South Dakota Public Broadcasting (Organization) solicits funds in the name of, and with the approval of, the South Dakota Board of Directors for Educational Telecommunications. Created in 1974 as a nonprofit South Dakota organization, the Organization is a component unit of the South Dakota Board of Directors for Educational Telecommunications agency.

The Organization supports lifelong learning for all South Dakotans through advocacy, leadership and responsible fundraising on behalf of South Dakota Public Broadcasting (SDPB).

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for endowments that are perpetual in nature or other long-term purposes of the Organization are excluded from this definition.

Receivables and Allowance for Credit Losses

Corporate support receivables consist primarily of noninterest-bearing amounts due for on-air technical and informative announcements to listeners of SDPB. The Organization believes the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for corporate support receivables held at June 30, 2026 and 2025 because the composition of the receivables at those dates are consistent with what was used in developing the historical credit-loss percentages. Additionally, the Organization has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. There was no allowance for credit losses considered necessary as of June 30, 2026 and 2025. The Organization’s corporate support receivables as of July 1, 2024 were $96,594.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give 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 gift revenue in the statements of activities. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. There was no allowance considered necessary as of June 30, 2026 and 2025.

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 statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment additions over $5,000 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 five to seventeen 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 are removed from the accounts, and any resulting 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.

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 among the leases.

Beneficial Interest in Assets Held by Community Foundations

Beneficial interest in assets held by community foundations represents funds transferred to community foundations by the Organization where the Organization has specified itself as beneficiary. The Organization granted variance power to the community foundations which allows the community foundations to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundations' Board of Directors, such as restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by the community foundations for the benefit of the Organization and are reported at fair value in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Beneficial Interest in Charitable Trust

The Organization has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by the donor and is administered by an outside agent designated by the donor. The Organization has neither possession nor control over the assets of the trust. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust. Thereafter, beneficial interests in trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. Under this trust agreement, the Organization receives an annual distribution from the trust for a period of twenty years. At the end of the twenty-year period, the Organization will receive a proportionate share of the trust's remaining value.

Net Assets

Net assets and revenues 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 a 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 without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Revenue Recognition and Deferred Revenue

The Organization recognizes revenue as the related services are provided as outlined in each respective corporate support contract. The performance obligations with respect to corporate support are satisfied as the related benefits are delivered over the term of the respective contract. Amounts collected in advance of the Organization's satisfaction of its contractual performance obligations are considered deferred revenue and is recognized when the Organization satisfies the related performance obligations. The Organization's deferred revenue as of July 1, 2024 was $67,744. During the years ended June 30, 2026 and 2025, corporate support revenue received from businesses affiliated with members of the Board of Directors totaled approximately $17,000 and $16,000, respectively.

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.

Donated Services and In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated programming services, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 10). The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs

Advertising costs are expensed as incurred and approximated $12,000 and $25,000 during the years ended June 30, 2026 and 2025, respectively.

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 statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. The 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 occupancy, operating lease expense, and depreciation, which are allocated on a square footage basis.

Estimates

The preparation of 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 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.

Income Taxes

The Organization is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), which qualify for the charitable contribution deduction. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization 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 financial statements. The Organization 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.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. The Organization maintains cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each ownership category. At June 30, 2026 and 2025, the Organization had approximately $1,015,000 and $210,000, respectively, in excess of FDIC-insured limits.

Credit risk associated with corporate support receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members, corporations, and foundations supportive of the Organization’s mission. Investments are made by investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

Management has evaluated subsequent events through October 21, 2026, the date that the financial statements were available to be issued.

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:

	2026	2025
Financial assets at year end		
Cash and cash equivalents	$ 1,467,704	$ 619,322
Corporate support receivables	98,723	107,723
Promises to give	92,811	337,328
Investments	6,849,744	4,431,695
Total financial assets	8,508,982	5,496,068
Less amounts not available to be used within one year		
Promises to give	(27,852)	(28,375)
Donor imposed restrictions		
Early learning	(846,812)	(354,669)
SD Women in Uniform	-	(5,500)
Giants in the Earth	-	(11,819)
SDPB programming - television	(142,978)	(132,500)
Promises to give	(42,459)	(257,953)
Total financial assets with donor imposed restrictions	(1,032,249)	(762,441)
Internal designations		
Board designated for endowment purposes - liquid investments	(5,192,556)	(4,431,695)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,256,325	$ 273,557

The Organization intends to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization has a board-designated endowment that is subject to an annual spending rate as described in Note 7 and totaled $5,192,556 and $4,431,695 at June 30, 2026 and 2025, respectively. 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. Appropriations approved for general expenditures in the next fiscal year totaled approximately $207,000 and $148,000 as of June 30, 2026 and 2025, respectively.

Note 3 - Fair Value of Assets

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset 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, 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 based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset 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 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, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. 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 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, considering factors specific to the asset. 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.

A significant portion of investment assets are classified within Level 1 because they comprise exchange-traded funds with readily determinable fair values based on quoted market prices. The fair value of U.S. Treasury bonds and notes, certificates of deposit, and other investments are valued by the custodians of the securities using pricing models based on credit quality and market-rate assumptions and are classified within Level 2. The fair value of the beneficial interest in charitable trust is determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustee. The fair value of the beneficial interests in assets held by the community foundations is based on the fair value of the fund investments as reported by the community foundations. These are considered Level 3 measurements.

Assets measured at fair value on a recurring basis at June 30, 2026 are as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds (at cost)	$ 1,174,239	$ -	$ -	$ -
Equity ETFs	3,126,525	3,126,525	-	-
Fixed income ETFs	1,646,469	1,646,469	-	-
U.S. Treasury bonds and notes	569,037	-	569,037	-
Certificates of deposit	299,800	-	299,800	-
Other	33,674	-	33,674	-
	6,849,744	4,772,994	902,511	-
Beneficial interests in				
Assets held by community foundations	5,551,567	-	-	5,551,567
Charitable trust	198,890	-	-	198,890
	$ 12,600,201	$ 4,772,994	$ 902,511	$ 5,750,457

Assets measured at fair value on a recurring basis at June 30, 2025 are as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds (at cost)	$ 336,942	$ -	$ -	$ -
Equity ETFs	3,214,979	3,214,979	-	-
Fixed income ETFs	693,618	693,618	-	-
U.S. Treasury bonds and notes	151,358	-	151,358	-
Other	34,798	-	34,798	-
Total investments valued at fair value	4,431,695	3,908,597	186,156	-
Beneficial interests in				
Assets held by community foundations	4,355,584	-	-	4,355,584
Charitable trust	189,673	-	-	189,673
	$ 8,976,952	$ 3,908,597	$ 186,156	$ 4,545,257

Following is a reconciliation for Level 3 assets measured on a recurring basis for the years ended June 30, 2026 and 2025:

	Beneficial Interests in	
	Community Foundations	Charitable Trust
Balance at July 1, 2024	$ 4,021,211	$ 182,034
Total gains or losses		
Included in change in net assets, net of fees	446,605	17,025
Purchases and sales		
Purchases (contributions to the CF)	5,625	-
Sales (distributions)	(117,857)	(9,386)
Balance at June 30, 2025	4,355,584	189,673
Total gains or losses		
Included in change in net assets, net of fees	700,496	19,198
Purchases and sales		
Purchases (contributions to the CF)	515,498	-
Sales (distributions)	(20,011)	(9,981)
Balance at June 30, 2026	$ 5,551,567	$ 198,890

There were no transfers into or out of Level 3.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2026 and 2025:

	2026	2025
Within one year	$ 44,950	$ 282,910
In one to five years	56,800	66,670
	101,750	349,580
Less discount to net present value at rates ranging from 7.86% and 10.25%	(8,939)	(12,252)
	$ 92,811	$ 337,328

At June 30, 2026, two donors account for 50% and at June 30, 2025, three donors account for 70% of total promises to give. As of June 30, 2026 and 2025, $6,000 and $9,250 of the total promises to give are from board members of the Organization, respectively. During the years ended June 30, 2026 and 2025, membership contributions, grants, gifts, and donations received from Board members and staff of the Organization totaled approximately $200,000 and $38,000, respectively.

Note 5 - Beneficial Interest in Assets Held by Community Foundations

Agency Funds

Agency endowment funds have been established with various Community Foundations (CFs) that names this Organization as the designated beneficiary of distributions from these funds. The CFs distribute a portion of the endowment to the Organization each year, up to 5% of the 12-quarter trailing average balance for Sioux Falls. The Organization granted variance power to these CFs which allows these CFs to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CFs' Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The market value of these funds, plus net investment return, less distributions and fees at June 30, 2026 and 2025 is as follows:

	Sioux Falls	South Dakota	Black Hills	Total
Balance, July 1, 2024	$ 3,545,808	$ 114,224	$ 361,179	$ 4,021,211
Contributions	-	-	5,625	5,625
Net investment return	421,014	11,428	47,372	479,814
Investment management fees	(27,669)	(1,022)	(4,518)	(33,209)
Distributions	(100,000)	(2,594)	(15,263)	(117,857)
Balance, June 30, 2025	3,839,153	122,036	394,395	4,355,584
Contributions	-	-	515,498	515,498
Net investment return	611,239	18,158	113,278	742,675
Investment management fees	(31,157)	(1,135)	(9,887)	(42,179)
Distributions	-	(3,288)	(16,723)	(20,011)
Balance, June 30, 2026	$ 4,419,235	$ 135,771	$ 996,561	$ 5,551,567

Designated Funds

Designated funds that name the Organization as a beneficiary that were directly established at the CFs by various donors are not recorded as assets for the Organization. The CFs have been granted variance power by the donors which allows the CFs to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization. If, in the sole judgement of the CFs' Board of Directors, such restrictions or condition become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The market value of these funds, plus income or losses and less distributions and fees at June 30, 2026 and 2025 is as follows:

	Sioux Falls	South Dakota	Watertown	Total
Balance, July 1, 2024	$ 1,383,146	$ 260,942	$ 19,638	$ 1,663,726
Contributions	100,000	80,060	2,040	182,100
Net investment return	166,384	32,274	3,017	201,675
Investment management fees	(9,990)	(1,362)	(215)	(11,567)
Distributions	(150,000)	(9,263)	-	(159,263)
Balance, June 30, 2025	1,489,540	362,651	24,480	1,876,671
Contributions	-	15,350	-	15,350
Net investment return	288,210	58,781	3,316	350,307
Investment management fees	(11,201)	(3,480)	(258)	(14,939)
Distributions	-	(14,323)	-	(14,323)
Balance, June 30, 2026	$ 1,766,549	$ 418,979	$ 27,538	$ 2,213,066

Note 6 - Leases

The Organization leases office space and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2040 and provide for renewable options ranging from five to ten 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 terms within the agreements.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization applied the risk-free rate option to the building and office equipment classes of assets.

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 has elected the practical expedient to not separate lease and non-lease components for real estate and equipment leases.

Total operating lease costs were $207,993 and $211,618 for the years ended June 30, 2026 and 2025, respectively, which $40,201 and $43,826, respectively, is the Organization's portion and the remaining is paid by the Organization on behalf of SDPB (Note 12).

The following table summarizes the supplemental cash flow information for the years ended June 30, 2026 and 2025:

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 197,529	$ 197,182

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

	2026	2025
Weighted-average remaining lease term in years	12.32	13.29
Weighted-average discount rate	3.36%	3.35%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2026:

2027	$ 199,406
2028	199,591
2029	201,323
2030	203,473
2031	205,666
Thereafter	1,427,953
Total lease payments	2,437,412
Less interest	(455,752)
Present value of lease liabilities	$ 1,981,660

Note 7 - Endowment

The Organization's endowment consists of funds that have been gifted to the Organization by donors without restrictions and have been designated as funds functioning as endowment by the Board of Directors. In the event that funds received by the Organization in the future are endowed by the donor, they will be treated as net assets with donor restrictions. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) 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. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of June 30, 2026 and 2025, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2026			
Board-designated endowment funds	$ 5,192,556	$ -	$ 5,192,556
June 30, 2025			
Board-designated endowment funds	$ 4,431,695	$ -	$ 4,431,695

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. During the course of a complete market cycle, the total return objective shall be to achieve a return greater than capital market returns with similarly weighted asset allocation. 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 portion of the funds are invested to seek growth of principal over time.

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at the end of each fiscal year to determine the spending amount for the upcoming year. During 2026 and 2025, the spending rate maximum was 5% and 4%, respectively. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time. The Board of Directors may elect to defer any such spending and retain any or all such amounts in the endowment.

Changes in Endowment net assets for the year ended June 30, 2026 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,431,695	$ -	$ 4,431,695
Investment return, net	541,636	-	541,636
Contributions	219,225	-	219,225
Endowment net assets, end of year	$ 5,192,556	$ -	$ 5,192,556

Changes in Endowment net assets for the year ended June 30, 2025 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,007,609	$ -	$ 4,007,609
Investment return, net	379,350	-	379,350
Contributions	44,736	-	44,736
Endowment net assets, end of year	$ 4,431,695	$ -	$ 4,431,695

Note 8 - Long-Term Debt

During the year ended June 30, 2024, the Organization entered into a new office space lease for the Black Hills studio. Within the lease agreement, the Organization is responsible for reimbursing the landlord for leasehold improvements not to exceed $405,000. The Organization is to reimburse the landlord in three equal annual payments of $135,000 with the first payment due upon the execution of the lease agreement. Annual payments totaling $135,000 were due October 1, 2024 and 2025. The outstanding balance of the debt totals $0 and $135,000 for the years ended June 30, 2026 and 2025, respectively.

Note 9 - Net Assets with Donor Restrictions

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

	2026	2025
Subject to expenditure for specified purpose		
Early learning	$ 846,812	$ 354,669
SD Women in Uniform	-	5,500
Giants in the Earth	-	11,819
SDPB Programming - television	142,978	132,500
	989,790	504,488
Subject to the passage of time and expenditure for specified purpose		
Promises to give that are restricted by donors, and also are unavailable for expenditure until due	101,750	349,580
Subject to the passage of time		
Beneficial interest in charitable trust	198,890	189,673
Perpetual in Nature, Not Subject to Spending Policy or Appropriation		
Beneficial interest in assets held by community foundations	5,551,567	4,355,584
	$ 6,841,997	$ 5,399,325

Net assets 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 June 30, 2026 and 2025:

	2026	2025
Expiration of time restrictions	$ 281,829	$ 133,416
Satisfaction of purpose restrictions		
Black Hills studio renovation	-	66,908
SD Women in Uniform	5,500	-
Giants in the Earth	11,819	-
Distributions (proceeds are not restricted by donors)		
Beneficial interests in assets held by community foundations	20,011	117,857
	$ 319,159	$ 318,181

Note 10 - Contributed Nonfinancial Assets

For the years ended June 30, 2026 and 2025, contributed nonfinancial assets recognized within the statements of activities included the following:

	2026	2025
Programming dues for SDPB	$ 71,141	$ -
Consulting services - strategic planning	5,600	-
Advertising	7,001	4,100
Event tickets	2,052	2,580
	$ 85,794	$ 6,680

Programming dues for SDPB include temporary rescission relief provided by national programming providers such as National Public Radio (NPR) and Public Broadcasting Service (PBS). Contributed programming includes on-air programming provided to SDPB and paid for by the Organization. Contributed programming dues for SDPB are used in program services and are recognized at fair value based on current rates for similar programming services.

Consulting services for strategic planning were provided by an external consultant specializing in developing a 1-to-3-year plan to help address the forward-looking needs for both SDPB and the Organization. Contributed consulting services are used in fundraising and are recognized at fair value based on current rates for similar consulting services.

Contributed advertising and event tickets are valued based on the current market value provided by external corporate supporters. The contributed advertising and event tickets are used in fundraising.

All contributed nonfinancial assets received during the years ended June 30, 2026 and 2025 were without donor restrictions.

Note 11 - Employee Benefits

The Organization sponsors a tax-deferred 401(k) plan. The plan provides that employees who work 20 hours per week may voluntarily contribute 6 percent or more of their earnings to the plan. Employer contributions are matched by the Organization up to 6 percent after the first year of employment. Contributions to the 401(k) plan were $72,858 and $68,853 for the years ended June 30, 2026 and 2025, respectively.

Note 12 - South Dakota Public Broadcasting

The Organization provides substantial amount of support to South Dakota Public Broadcasting (SDPB) for programming. SDPB produces and broadcasts commercial-free programs and outreach projects. The Organization provided $1,307,680 and $1,350,854 in support to SDPB for the years ended June 30, 2026 and 2025, respectively.

Certain expenses related to SDPB's operations, including some salaries of $281,608 and $274,290, and occupancy expenses of $197,057 and $202,525, were paid by the Organization for the years ended June 30, 2026 and 2025, respectively. The Organization also paid additional programming related expenses on behalf of SDPB of $987,172 and $4,944 for the years ended June 30, 2026 and 2025, respectively. In addition, the Organization paid $273,524 and $517,155 on behalf of SDPB for operating expenses for the years ended June 30, 2026 and 2025, respectively.

The Organization paid $208,563 and $135,205 for the years ended June 30, 2026 and 2025, respectively, on behalf of SDPB for fees on a contract with South Dakota High School Activities Association.

Note 13 - Commitments

The Organization entered into a multi-year contract with South Dakota High School Activities Association as it relates to broadcasting rights. Total commitments under this contract are as follows:

Years Ending June 30,	Amount
2027	$ 140,000
2028	145,600
2029	151,400
2030	157,500
	$ 594,500