

KUAC TV9 FM 89.9

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

JUNE 30, 2025 AND 2024

KUAC TV9 FM 89.9

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The following discussion and analysis provide an overview of the financial position and activities of KUAC TV9 & FM89.9 (KUAC) for the years ended June 30, 2025 and June 30, 2024, with selected comparative information for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

Using the Financial Statements

The KUAC financial report includes three basic financial statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external reporting for public colleges and universities. This statement is applicable for KUAC since KUAC is a public telecommunications entity operated by the University of Alaska Fairbanks.

Statement of Net Position

The Statement of Net Position presents the financial position of KUAC at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of KUAC. The net position is one indicator of the financial condition of KUAC, while the change in net position is an indicator of whether the financial condition has improved or declined during the year. A summarized comparison of KUAC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2025, 2024 and 2023 follows:

	2025	2024	2023
Assets			
Current Assets	\$ 3,909,645	\$ 4,114,990	\$ 4,376,134
Capital assets, net of depreciation	1,009,295	1,076,782	1,247,330
Total Assets	4,918,940	5,191,772	5,623,464
Deferred outflows related to pension	175,000	267,000	287,000
Liabilities			
Current liabilities	18,000	44,187	293,869
Noncurrent liabilities	1,365,000	1,400,000	1,479,000
Total Liabilities	1,383,000	1,444,187	1,772,869
Deferred inflows related to pension	13,000	24,000	49,000
Net position			
Invested in capital assets	1,009,295	1,076,782	1,247,330
Unrestricted	2,688,645	2,913,803	2,841,265
Total Net position	\$ 3,697,940	\$ 3,990,585	\$ 4,088,595

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Overall, total net position decreased \$292,645, or 7.3 percent. The decrease in net position is primarily due to increase in overall expenditures, mostly due to increases in employee benefit rates and increase in public broadcasting programming costs.

Deposits and investments totaled \$3,871,189 at June 30, 2025, as compared with \$4,071,256 at June 30, 2024 and \$4,365,137 at June 30, 2023. These funds consist of operating funds held on deposit at University of Alaska Fairbanks, University of Alaska Foundation, and the KUAC Friends Group bank account.

Liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Position. Current liabilities are those that are due or will likely be paid in the next fiscal year. Through 2023 they were comprised primarily of accounts payable to University of Alaska from KUAC's funds held at University of Alaska Foundation, totaling \$0, \$0, and \$225,832 as of June 30, 2025, 2024, and 2023, respectively. Long-term liabilities are net pension and other post-employment benefit obligations.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for KUAC. Revenues, expenses and other changes in net position are reported as either operating or nonoperating. All significant revenue sources for KUAC are reported as operating revenue. KUAC has defined significant revenue sources as operating, including grant revenue, state appropriations for operations, contributions, other operating revenues, underwriting revenues, and in-kind contributed support.

A summarized comparison of KUAC's revenues, expenses and changes in net position for the years ended June 30, 2025, 2024 and 2023 follows:

	2025	2024	2023
Operating Revenues	\$ 3,772,310	\$ 3,613,370	\$ 3,643,155
Operating Expenses	4,113,874	3,902,134	3,795,116
Operating Profit	(341,564)	(288,764)	(151,961)
Net non-operating revenues	94,919	106,754	45,006
Increase in net position, before other expenses	(246,645)	(182,010)	(106,955)
Pension expenses - net pension and OPEB	(46,000)	84,000	527,000
Increase (decrease) in net position	(292,645)	(98,010)	420,045
Net position at beginning of the year	3,990,585	4,088,595	3,668,550
Net position at end of year	<u>\$ 3,697,940</u>	<u>\$ 3,990,585</u>	<u>\$ 4,088,595</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects an overall decrease in net position of \$292,645 or 7.3 percent for the year ended June 30, 2025. Major changes in revenues and expenses in 2025 are described below.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

In FY 2025, KUAC had an increase of \$60,117 in normal operating grants from the Corporation for Public Broadcasting (CPB). In FY 2026, these grants will drop by \$1,450,000 due to the passage of the Rescission Act, which eliminated already appropriated federal funding to the Corporation for Public Broadcasting.

Contributions in FY 2025 increased by \$60,610 or 5.3% compared with FY 2024. This is due in large part to KUAC's public's concern about the impending loss of federal funding.

Nonoperating revenue in FY 2025, FY 2024 and FY 2023 was \$94,919, \$106,754 and \$45,006 in investment income from funds on deposit at the University of Alaska Foundation.

A comparison of operating expenses by functional and natural classification for selected fiscal years follows (see Note 10 of the financial statements for more information).

	Operating Expenses Functional Classification					
	FY 2025		FY 2024		FY 2023	
Programming and production	\$ 1,425,350	34.6%	\$ 1,429,549	36.6%	\$ 1,268,550	33.4%
Broadcasting	1,146,530	27.9%	1,113,891	28.5%	1,177,271	31.0%
Program information	163,935	4.0%	159,618	4.1%	176,076	4.6%
Management and general	677,430	16.5%	592,295	15.2%	579,253	15.3%
Fundraising	700,629	17.0%	606,781	15.5%	593,966	15.7%
	<u>\$ 4,113,874</u>	<u>100%</u>	<u>\$ 3,902,134</u>	<u>100%</u>	<u>\$ 3,795,116</u>	<u>100%</u>
	Operating Expenses Natural Classification					
	FY 2025		FY 2024		FY 2023	
Compensation and benefits	\$ 1,769,781	43.0%	\$ 1,698,307	43.5%	\$ 1,572,462	41.4%
Contractual services	1,215,024	29.5%	1,120,545	28.7%	1,136,494	29.9%
Supplies and materials	48,151	1.2%	41,352	1.1%	72,988	1.9%
Travel and other	67,330	1.6%	58,790	1.5%	53,378	1.4%
In-kind support	21,686	0.5%	25,262	0.6%	40,546	1.1%
Indirect facilities & admin support	827,153	20.1%	787,330	20.2%	735,827	19.4%
Depreciation	164,749	4.0%	170,548	4.4%	183,421	4.8%
	<u>\$ 4,113,874</u>	<u>100%</u>	<u>\$ 3,902,134</u>	<u>100%</u>	<u>\$ 3,795,116</u>	<u>100%</u>

In FY 2025, KUAC had an increase of \$211,740 in expenditures (including depreciation) compared to FY 2024. This includes an increase of \$36,247 for in-kind expenses. Major expense increases in FY 2025 compared with FY 2024 include \$71,473 in compensation and benefits, due primarily to increases in compensation, paid time-off, and benefit costs in University of Alaska's Collective Bargaining Agreement. Contractual expenses increased \$94,479, primarily due to increases in programming costs.

KUAC has adopted GASB 68 related to pension liability and GASB 75 related to the liability for other post-retirement benefits. These accounting standards by the *Governmental Accounting Standards Board* require each government unit across the United States to carry its proportionate share of the net liability of any pension and OPEB plans in which it participates. KUAC benefited employees

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

participate in the State of Alaska Public Employees Retirement System (PERS); thus, it has the responsibility to carry its share of the net pension and OPEB liability from the PERS system. Deferred outflows and inflows of resources relate to the same pension and OPEB requirements. The net effect of changes to the net pension and OPEB liability and related deferred outflows and inflows of resources was to increase pension expense and decrease change in net position by \$46,000 in FY 2025 and to decrease pension expense and increase change in net position by \$84,000 in FY 2024 and \$527,000 in FY 2023. It is important to note that these standards do not affect the cash flows or budget of KUAC, but rather affect the timing of the recognition of pension and OPEB expense for external financial reporting.

KUAC continues to use a variety of strategies to reduce expenses while continuing to refresh infrastructure. These strategies include reconfiguring positions, delaying recruitments, and conducting a stringent review of every expenditure.

Other Economic and Financial Conditions

As noted above, KUAC's grant revenue in FY26 will drop by \$1,450,000 due to the passage of the Rescission Act, which eliminated already appropriated federal funding to the Corporation for Public Broadcasting. This is resulting in significant cost cutting measures, including reducing broadcast hours, reducing paid programming streams, cutting equipment, commodities and travel budgets and leaving vacant positions unfilled.

Inflation and lingering effects of the worldwide COVID-19 pandemic continued to have significant effects on global markets, supply chains, businesses and communities resulting in increased costs for KUAC even in FY 2023 and FY2024. UAF continues to fund the State-owned transponder costs of \$200,000 per year to ensure public broadcasting, including KUAC, is provided to the remote villages across Alaska. UAF also continues to provide indirect facilities and administrative support for KUAC operations on the UAF campus.

The State of Alaska public broadcasting funding has not been restored, even at reduced levels, since summer 2019. State funding for public broadcasting is dependent upon the administration's value in the public broadcasting system. KUAC continued operations in a severely constrained fiscal environment. KUAC continued to tightly control expenses and made difficult survival decisions that include delaying hires and reconfiguring positions.

KUAC's supporters with the means to do so continue to be exceptionally motivated to give. This support ensured that KUAC could continue to meet the demands of its constituents. PBS dues have reverted back to previously unsustainable levels, increasing 52.35% since FY2021. In FY26, because of the systemwide funding deficit, PBS is reducing fees by the amount of dependence on CPB funding. This is helpful in this fiscal year as we struggle to maintain our public broadcasting mission with significantly lower resources, however, it is unknown how PBS will approach its dues structure in the coming years.

Grant funding was secured for a new TV transmitter in FY 2022, however, additional infrastructure is aging and will need to be replaced soon. Management is investigating all potential grant funding opportunities to secure these needed funds. Without predictable, increased funding from KUAC's licensee, the station continues to face significant uncertainties that will no doubt affect its ability to adequately meet its mission.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Contacting KUAC's Financial Management

This financial report is designed to provide residents of the State of Alaska and our customers and creditors with a general overview of KUAC's finances, and to demonstrate KUAC's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact KUAC TV/FM, University of Alaska Fairbanks, P.O. Box 755620, Fairbanks, Alaska 99175-5620.

RJG A Professional Corporation

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Regents
University of Alaska
KUAC TV9 FM 89.9

Management is responsible for the accompanying financial statements of KUAC TV9 FM 89.9, (a public telecommunications entity operated by the University of Alaska Fairbanks), which comprise the statements of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB).

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA.

We did not audit or review the financial statements and therefore do not express an opinion, a conclusion, or provide any assurance on them.

Emphasis of matter

As discussed in note 1, these financial statements only present the financial position of KUAC TV9 FM 89.9. They do not include the financial position, changes in financial position, or cash flows of the University of Alaska for the year ended June 30, 2025. Our conclusion remains consistent despite this matter.

Other Matters (Prior Year Audited)

The financial statements for the year ended June 30, 2024, were audited by us, and our report dated January 6, 2025, expressed an unmodified opinion on those statements. We have not performed any auditing procedures in connection with that audit engagement after the date of our previous report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS).

Other Matters

Management has elected to include the Management's Discussion & Analysis (MD&A) and other required supplementary information (RSI) as part of the accompanying financial statements, as required by the Governmental Accounting Standards Board (GASB). This information is not a required part of the basic financial statements. We have compiled the RSI from information provided by management in accordance with SSARS. We did not audit or review this information and do not express an opinion, conclusion, or provide any assurance on it.

The accompanying supplementary information (Schedule of Monetary and Nonmonetary Revenues and Expenses) is presented for purposes of additional analysis and is not a required part of the basic financial statements or RSI. We have compiled the supplementary information from information that is management's responsibility. We did not audit or review the supplementary information and do not express an opinion, conclusion, or provide any assurance on it.

RJG

RJG, A Professional Corporation

Fairbanks, Alaska
December 12, 2025

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	2025	2024
Assets		
Current assets		
Cash (note 3)	\$ 1,320,905	\$ 1,671,531
Cash position held at University of Alaska Foundation (note 4)	2,550,284	2,399,725
Receivables	6,309	11,587
Prepaid expenses	32,147	32,147
Total current assets	3,909,645	4,114,990
Capital assets, net of accumulated depreciation (note 5)	1,009,295	1,076,782
Total assets	4,918,940	5,191,772
Deferred outflows related to pension and OPEB (note 9)	175,000	267,000
Liabilities		
Current liabilities		
Accounts payable	18,000	44,187
Total current liabilities	18,000	44,187
Noncurrent liabilities		
Net pension and OPEB liability, net (note 9)	1,365,000	1,400,000
Total liabilities	1,383,000	1,444,187
Deferred inflows related to pension and OPEB (note 9)	13,000	24,000
Net position		
Net investment in capital assets	1,009,295	1,076,782
Unrestricted	2,688,645	2,913,803
Total net position	\$ 3,697,940	\$ 3,990,585

See accompanying notes and independent accountant's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Operating revenues		
Corporation for Public Broadcasting		
Community service grants	\$ 1,020,347	\$ 982,835
Other	245,459	221,054
State appropriations and University funding - operating	221,400	223,200
Contributions and unrestricted gifts	1,196,476	1,135,866
Other operating revenues	17,674	10,080
Underwriting revenues	222,115	227,743
Facilities and administrative support - UAF (note 6)	827,153	787,330
In-kind contributions (note 6)	21,686	25,262
	3,772,310	3,613,370
Total operating revenues		
Operating expenses		
Program services		
Programming and production	1,425,350	1,429,549
Broadcasting	981,781	943,343
Program information	163,935	159,618
Supporting services		
Management and general	677,430	592,295
Fundraising	700,629	606,781
Depreciation	164,749	170,548
	4,113,874	3,902,134
Total operating expenses		
Operating profit (loss)	(341,564)	(288,764)
Non-operating revenues (expenses)		
Investment income	94,919	106,754
Total non-operating revenues	94,919	106,754
Change in net position before other revenues, expenses, gains or losses	(246,645)	(182,010)
Change in net pension and OPEB liability	(46,000)	84,000
Change in net position	(292,645)	(98,010)
Net position		
Beginning of year	3,990,585	4,088,595
End of year	\$ 3,697,940	\$ 3,990,585

See accompanying notes and independent accountant's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Cash received from operating grants	\$ 1,265,806	\$ 1,203,889
Cash received from state appropriations	221,400	223,200
Cash received from contributions	1,201,754	1,135,366
Cash received from underwriting contracts	222,115	227,743
Other operating revenues received	17,674	10,080
Investment income received	94,919	106,754
Cash paid to employees and suppliers	(3,126,473)	(2,974,991)
Net cash provided by (used in) operating activities	(102,805)	(67,959)
Cash flows from non-capital financing activities		
Net advances from (repayments to) University of Alaska	-	(225,832)
Net cash used in non-capital financing activities	-	(225,832)
Cash flows from capital and related financing activities		
Purchase of infrastructure and equipment	(97,262)	-
Net cash (used in) capital and related financing activities	(97,262)	-
Cash flows from investing activities		
(Increase) decrease in cash position held at University of Alaska Foundation	(150,559)	922,168
Net cash provided by (used in) investing activities	(150,559)	922,168
Net increase (decrease) in cash and cash equivalents	(350,626)	628,377
Cash and cash equivalents		
Beginning of year	1,671,531	1,043,154
End of year	\$ 1,320,905	\$ 1,671,531

See accompanying notes and independent accountant's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS (Continued)

YEARS ENDED JUNE 30, 2025 AND 2024

Reconciliation of operating profit (loss) to net cash provided by (used in) operating activities

	2025	2024
Operating profit (loss)	\$ (341,564)	\$ (288,764)
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation expense	164,749	170,548
Investment income	94,919	106,754
Changes in assets and liabilities:		
Contributions receivable	5,278	(500)
Prepaid expenses	-	(32,147)
Accounts payable	(26,187)	(23,850)
Net cash provided by (used in) operating activities	\$ (102,805)	\$ (67,959)
 Noncash activities		
In-kind contributions of expenses and prepaid expenses	\$ 21,686	\$ 25,262
In-kind contributions of facilities and administrative support	\$ 827,153	\$ 787,330

See accompanying notes and independent accountant's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Reporting entity and business activities - KUAC TV9 FM 89.9 (KUAC) is a unit of the University of Alaska Fairbanks (UAF), which is a component unit of the State of Alaska. KUAC is the licensee of one public television station and one public radio station. The financial statements present only the activities of KUAC and do not include any other activities of the University of Alaska or the State of Alaska. The financial statements also include the assets, revenue, expenses, and net assets of KUAC Friends Group, Inc. (Friends Group). Friends Group is a legally separate, nonprofit component unit of KUAC. The Friends Group was established to solicit donations and to hold and manage such assets for the exclusive benefit of KUAC.

Basis of presentation - The financial statements of KUAC have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

KUAC follows the "business-type" activities of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. KUAC also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*, effective for the fiscal year ending June 30, 2013. These Statements require the following components of KUAC's financial statements: Management's Discussion and Analysis; basic financial statements including a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows – Direct Method; and Notes to the Financial Statements. It also requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 also requires separate reporting of deferred outflows and inflows of resources.

Deferred outflows of resources represent the consumption of net assets by KUAC in one period that is applicable to future periods. KUAC's deferred outflows of resources relate to its pension and OPEB obligations.

Deferred inflows of resources represent the acquisition of net assets in one period that is applicable to future periods. KUAC's deferred inflows of resources relate to its pension and OPEB obligations.

KUAC TV9 FM 89.9
(A public telecommunications entity
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 - BASIS OF PRESENTATION (continued)

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources and is required to be classified for accounting and reporting purposes into the following categories:

Unrestricted net position is the net amount of assets, net of related liabilities not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by management action or may otherwise be limited by contractual agreements with outside parties.

Restricted net position:

Expendable net position is subject to externally-imposed restrictions that may or will be met by actions of KUAC and/or that expire with the passage of time.

Non-expendable net position is subject to externally-imposed restrictions requiring that they be maintained permanently by the university.

Net investment in capital assets - Capital assets, net of accumulated depreciation, reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the economic resources measurement focus and accrual bases of accounting. All significant intra-organization transactions have been eliminated.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Capital assets - Capital assets consist primarily of television and radio production, broadcasting, and transmitting equipment. Assets costing more than \$5,000 are capitalized, and are stated at acquisition cost or fair value at date of donation in the case of gifts. Depreciation is recognized on a straight-line basis, with useful lives ranging from 4 to 20 years.

KUAC TV9 FM 89.9
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating activities - KUAC's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services. Revenues associated with, or restricted by donors to use for, capital improvements are recorded as non-operating revenues.

Revenue recognition - State appropriations and University funding are recorded in the statement of revenues, expenses and changes in net position as operating revenue if provided for regular operations of the stations, as resources are committed by the University.

Membership contributions are recognized as operating revenue in the period they are pledged. Revenue related to program underwriting is recognized as the funds are collected, which approximates when earned as the sponsored program is aired. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed travel, advertising, transponder rental, and indirect administrative support. Donated personal services of nonprofessional volunteers are not recorded as revenue and expense as there is no objective basis to measure the value of such services.

Public Broadcasting grants - Through 2025, KUAC received public broadcasting grants from the Corporation for Public Broadcasting, which was a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributed annual Community Service Grants (CSGs) to qualifying public broadcasting entities. Each CSG may be expended over one or two federal fiscal years. Each grant must be fully expended within two years of the initial grant authorization. These grants were recognized as revenue in the year awarded.

The Corporation for Public Broadcasting was defunded by Congress in September 2025. It has disbursed the last of its grant funds and is winding down operations. No further public broadcasting grants will be received, and CPB is no longer monitoring public broadcasting stations.

Indirect Administrative Support - Facilities and administrative support - UAF consists of allocated institutional support and physical plant costs incurred by the University of Alaska for which KUAC receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses, and Changes in Net Position as indirect administrative support and also as expense as allocated in functional expense categories. For the years ended June 30, 2025 and 2024, KUAC follows a simplified method calculated based on University of Alaska's administrative and facilities support costs divided by direct costs.

Advertising costs - Advertising costs are expensed in the period in which they are incurred.

KUAC TV9 FM 89.9
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses - The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position and in a footnote detailing functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

Pensions - For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan of the Public Employees Retirement System (PERS) and additions to/deductions from the pension plan's fiduciary net position have been determined by the University of Alaska on the same basis they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. KUAC has allocated its proportionate share of University of Alaska's pension accounts based on the proportion of its PERS-related payroll to the University's PERS-related payroll.

Postemployment Benefits Other Than Pensions (OPEB) - For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the defined benefit plan of the Public Employees Retirement System (PERS) and additions to/deductions from the OPEB plan's fiduciary net position have been determined by the University of Alaska on the same basis they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. KUAC has allocated its proportionate share of University of Alaska's OPEB accounts based on the proportion of its PERS-related payroll to the University's PERS-related payroll.

Income taxes - KUAC is wholly-owned by the University of Alaska and is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Subsequent events - Management has evaluated subsequent events through December 12, 2025, the date the financial statements were available to be issued. See Note 8.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 3 - CASH

Cash represents the equity of KUAC in the respective pooled cash resources of the University of Alaska. Disclosure information required under GASB No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), Reverse Repurchase Agreements*, is not available. Cash also includes funds held in KUAC Friends Group, Inc.'s bank account, totaling \$344,200 and \$277,846 at June 30, 2025 and 2024, respectively.

NOTE 4 - CASH POSITION HELD AT UNIVERSITY OF ALASKA FOUNDATION

KUAC invests its contributed funds through the University of Alaska Foundation. These funds are generated mainly through sustaining gifts, annual TV and FM fundraising membership drives, and program underwriting, and are pooled for payment of both TV and FM expenditures. The University of Alaska Foundation supports KUAC and other university programs. KUAC is not at risk for market declines in regard to these funds.

On a quarterly basis, KUAC Friends Group transfers the previous quarter's net contributions received to University of Alaska Foundation to be held for KUAC's needs. The invested balances transferred from the Friends Group are charged a 1% gift fee.

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NOTE 5 - CAPITAL ASSETS

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Infrastructure	\$ 4,065,311	\$ -	\$ -	\$ 4,065,311
Equipment	916,075	97,262	-	1,013,337
Total	<u>4,981,386</u>	<u>97,262</u>	<u>-</u>	<u>5,078,648</u>
Accumulated depreciation:				
Infrastructure	(3,140,372)	(123,362)	-	(3,263,734)
Equipment	(764,232)	(41,387)	-	(805,619)
Total	<u>(3,904,604)</u>	<u>(164,749)</u>	<u>-</u>	<u>(4,069,353)</u>
Capital assets, net	<u>\$ 1,076,782</u>	<u>\$ (67,487)</u>	<u>\$ -</u>	<u>\$ 1,009,295</u>
	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Infrastructure	\$ 4,065,311	\$ -	\$ -	\$ 4,065,311
Equipment	1,055,167	-	(139,092)	916,075
Total	<u>5,120,478</u>	<u>-</u>	<u>(139,092)</u>	<u>4,981,386</u>
Accumulated depreciation:				
Infrastructure	(2,999,992)	(140,380)	-	(3,140,372)
Equipment	(873,156)	(30,168)	139,092	(764,232)
Total	<u>(3,873,148)</u>	<u>(170,548)</u>	<u>139,092</u>	<u>(3,904,604)</u>
Capital assets, net	<u>\$ 1,247,330</u>	<u>\$ (170,548)</u>	<u>\$ -</u>	<u>\$ 1,076,782</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT

Facilities and administrative support consists of allocated institutional support and physical plant costs incurred by the University of Alaska Fairbanks on behalf of KUAC. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as indirect facilities and administrative support and also as expense. For the years ended June 30, 2025 and 2024, KUAC follows a simplified method of calculating the indirect cost rate, as directed by Corporation for Public Broadcasting. The rate is calculated based on University of Alaska's administrative and facilities support costs for their years ended June 30, 2025 and 2024, divided by their other direct costs. This results in a rate of 26.68% for FY25 and 26.97% for FY24. The total indirect expenses are allocated among expenditure categories based upon the expenditure category percentage of the total expenditures.

	2025		
	Indirect facilities and administrative support	In-kind support	Totals
TV:			
Programming and production	\$ 149,628	\$ -	\$ 149,628
Broadcasting	129,059	-	129,059
Program information	34,526	-	34,526
Management and general	70,480		70,480
Fundraising	44,216	10,843	55,059
Total TV	<u>427,909</u>	<u>10,843</u>	<u>438,752</u>
FM:			
Programming and production	150,564	-	150,564
Broadcasting	77,713	-	77,713
Program information	-	-	-
Management and general	72,192		72,192
Fundraising	98,775	10,843	109,618
Total FM	<u>399,244</u>	<u>10,843</u>	<u>410,087</u>
Total	<u>\$ 827,153</u>	<u>\$ 21,686</u>	<u>\$ 848,839</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT (continued)

2024			
	Indirect facilities and administrative support	In-kind support	Totals
TV:			
Programming and production	\$ 146,125	\$ -	\$ 146,125
Broadcasting	125,654	-	125,654
Program information	33,907	-	33,907
Management and general	71,763	4,315	76,078
Fundraising	62,188	8,316	70,504
Total TV	<u>439,637</u>	<u>12,631</u>	<u>452,268</u>
FM:			
Programming and production	157,553	-	157,553
Broadcasting	74,739	-	74,739
Program information	-	-	-
Management and general	52,224	4,315	56,539
Fundraising	63,177	8,316	71,493
Total FM	<u>347,693</u>	<u>12,631</u>	<u>360,324</u>
Total	<u>\$ 787,330</u>	<u>\$ 25,262</u>	<u>\$ 812,592</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 7 - CONCENTRATIONS AND ECONOMIC DEPENDENCE

In addition to receiving the in-kind facilities and administrative support as discussed in Note 6, KUAC is dependent on its sponsoring organization, University of Alaska Fairbanks (UAF), for cash operating revenues. During the years ended June 30, 2024 and 2023, UAF provided the following cash support to KUAC.

	<u>2025</u>	<u>2024</u>
State appropriation	<u>\$ 221,400</u>	<u>\$ 223,200</u>

For the years ended June 30, 2025 and 2024, KUAC received 43 and 43 percent, respectively, of its cash revenues from grants from the Corporation for Public Broadcasting. As discussed in notes 2 and 8, The Corporation for Public Broadcasting was defunded by Congress in September 2025. It has disbursed the last of its grant funds and is winding down operations. A small final public broadcasting grant was disbursed in September 2025, and no further funding is anticipated. CPB is no longer monitoring public broadcasting stations.

NOTE 8 - SUBSEQUENT EVENTS

On September 30, 2025, the Corporation for Public Broadcasting ("CPB") ceased receiving federal appropriations following the elimination of its funding under the federal budget. As a result, CPB announced that the majority of its operations will conclude by the end of its fiscal year, with a limited transition team in place through January 2026 to facilitate an orderly wind-down.

KUAC has historically received annual Community Service Grants and other funding from CPB, which represented approximately 43% of its total operating revenues for the year ended June 30, 2025 (see Note 7). The loss of CPB funding is expected to have a material impact on KUAC's future operations and financial position. Management is currently evaluating potential strategies to mitigate the impact of this funding loss, including pursuing alternative grant opportunities, increasing fundraising efforts, and adjusting operating expenditures.

Management has evaluated subsequent events through December 12, 2025, the date the financial statements were available to be issued, and has determined that the CPB defunding represents a nonrecognized subsequent event that may have a significant effect on future periods.

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NOTE 9 - RETIREMENT PLANS

Participation in one of the various pension plans generally depends on when an employee was originally hired by the University. Substantially all regular employees hired before July 1, 2006 participate in the State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB), a cost-sharing, multiple-employer public employee retirement plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. Employees hired on or after July 1, 2006 have a choice to participate in the University of Alaska Retirement Program or the applicable state defined contribution plan. The University of Alaska Retirement Program consists of ORP (Tier 3) and the University of Alaska Pension Plan. However, certain staff hired July 1, 2015 and later are not eligible for the ORP. The state's defined contribution plan is the Public Employees' Retirement System - Defined Contribution (PERS-DC).

KUAC provides elective deferral options for employee contributions to deferred annuity plans in accordance with Internal Revenue Code sections 403(b) and 457(b), subject to eligibility criteria.

Each of the plans noted above are described in more detail in the sections that follow.

Actuarial Assumptions for State of Alaska PERS-DB and OPEB plans

The total pension and OPEB liabilities for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.5% per year
Salary increases	Increases range from 6.75% to 2.85% based on service
Investment rate of return	7.25%, net of plan investment expenses, based on average inflation rate of 2.5% and a real rate of return of 4.75%
Healthcare cost trend rates	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 6.9% grading down to 4.5%
Participation in OPEB plans	100% of system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 25% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLANS (continued)

Pre-commencement and post-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted for pension, headcount-weighted for OPEB, and projected with MP-2021 generational improvement. Post-commencement mortality rates were based upon 98% of male and 106% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 35% of the time.

The actuarial assumptions used in the June 30, 2023 and 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2023 and 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation, updated to reflect the most recent two years of actual administrative expenses.

Long-term expected rate of return. The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation are summarized in the following table (note that the rates shown below exclude an inflation component of 2.5%).

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.48%
Global equity (non-US)	7.14%
Global equity	5.79%
Aggregate bonds	2.10%
Real assets	4.63%
Private equity	8.84%
Cash equivalents	0.77%

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLANS (continued)

Discount Rate. The discount rate used to measure the total pension and OPEB liabilities was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the fiduciary net positions for the pension and OPEB Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB)

Plan Description

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska. The plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS-DB plans' unfunded liability will be shared among all employers with each contributing 22 percent of their covered payroll.

PERS provides pension, post-employment health care, death, and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed PERS-DB to new members and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DC), disclosed later in this note.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS includes the PERS-DB and Alaska Retiree Healthcare Trust (ARHCT). Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the Retiree Health Fund (RHF).

Each fiscal year, PERS-DB issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460. The report is available on the website <http://doa.alaska.gov/drb>.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLANS (continued)

Funding Policy and Annual Pension Cost

Employee contribution rates are 6.75 percent. The funding policy for PERS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The 2025 and 2024 actuarially determined rates were 26.76 percent and 25.10 percent of applicable gross pay, respectively. However, the employer contribution rate for the University was capped by the state at 22 percent for fiscal years 2025 and 2024.

The amounts contributed to PERS-DB by KUAC during the years ended June 30, 2025 and 2024 were \$113,567 and \$147,794, respectively, equal to the required employer contributions for each year. These contributions cover pension and postemployment healthcare, at the statutorily required minimum each year of 22 percent of KUAC's PERS covered payroll.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

KUAC reported a liability for its proportionate share of the net pension liability. The amount recognized by KUAC as its proportionate share of the net pension liability and the State's proportionate share of the net pension liability associated with KUAC were as follows:

	2025	2024
KUAC's proportionate share of the net pension liability - PERS	\$ 2,284,000	\$ 2,512,000
State's proportionate share of the net pension liability associated with KUAC (unaudited)	854,000	837,000
Total net pension liability	\$ 3,138,000	\$ 3,349,000

KUAC's proportion of the net pension liability of the University was based on a proportion of KUAC's participating employee payroll compared with the University's total participating employee payroll. The University's proportion of the net pension liability was based on a projection of the University's share of present value of future contributions to the pension plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2025, the University's portion was 4.476% of the overall PERS liability. KUAC's portion was 0.042%. At June 30, 2024, the University's portion was 4.121% of the overall PERS liability. KUAC's portion was 0.048%.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLANS (continued)

At June 30, 2025, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB pension plan from the following sources:

	June 30, 2025	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Difference between projected and actual investment earnings	22,000	-
Changes in assumptions	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	114,000	-
	\$ 136,000	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB will be recognized in pension expense as follows:

Years ending June 30

2026	\$ 167,000
2027	\$ (17,000)
2028	\$ (14,000)

Sensitivity of KUAC's proportionate share of the net pension liability to changes in the discount rate.
The following presents KUAC's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what KUAC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% decrease 6.25%	Discount rate 7.25%	1% increase 8.25%
KUAC's proportionate share of the net pension liability	\$ 3,043,000	\$ 2,284,000	\$ 1,642,000

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLANS (continued)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS-DB financial report.

According to GASB Statement No. 68, KUAC and the University report under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, KUAC and the University would no longer report under a special funding situation. For example, in a non-special funding situation, KUAC would be required to recognize an additional net pension liability of \$854,000 as of June 30, 2025.

Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025 and 2024, KUAC reported an asset for its proportionate share of the net Postemployment Benefits Other Than Pensions (OPEB) asset. The amount recognized by KUAC as its proportionate share of the net OPEB (asset) liability and the State's proportionate share of the net PERS OPEB liability associated with KUAC as of June 30, 2025 and 2024 were as follows:

	2025	2024
KUAC's proportionate share of the net OPEB liability (asset)	\$ (919,000)	\$ (1,112,000)
State's proportionate share of the net OPEB liability (asset) associated with KUAC (unaudited)	(341,000)	(374,000)
Total net OPEB liability	\$ (1,260,000)	\$ (1,486,000)

KUAC's proportion of the net OPEB asset of the University was based on a proportion of KUAC's participating employee payroll compared with the University's total participating employee payroll. The University's proportion of the net OPEB asset was based on a projection of the University's share of present value of future contributions to the OPEB plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2025, the University's portion was 4.485% of the overall PERS liability. KUAC's portion was 0.0417%. At June 30, 2024, the University's portion was 4.112% of the overall PERS liability. KUAC's portion was 0.0484%.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLANS (continued)

At June 30, 2025, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan from the following sources:

	June 30, 2025	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Difference between projected and actual investment earnings	14,000	-
Changes in assumptions	25,000	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	13,000
Contributions subsequent to the measurement date	-	-
	\$ 39,000	\$ 13,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan will be recognized in OPEB expense as follows:

Years ending June 30

2026	\$ 53,000
2027	\$ (15,000)
2028	\$ (12,000)

Sensitivity of KUAC's proportionate share of the net OPEB liability to changes in the discount rate.
The following presents KUAC's proportionate share of the net OPEB (asset) liability calculated using the discount rate of 7.25%, as well as what KUAC's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% decrease 6.25%	Discount rate 7.25%	1% increase 8.25%
KUAC's proportionate share of the net OPEB liability	\$ (582,000)	\$ (919,000)	\$ (1,203,000)

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - RETIREMENT PLAN (continued)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS-OPEB financial report.

According to GASB Statement No. 75, KUAC and the University report under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, KUAC and the University would no longer report under a special funding situation. For example, in a non-special funding situation, KUAC would be required to recognize an additional net OPEB asset of \$341,000 as of June 30, 2025.

State of Alaska Public Employees' Retirement System - Defined Contribution (PERS-DC)

Plan Description

PERS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. PERS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in individual retirement accounts for the exclusive benefit of each member or beneficiary.

Funding Policy and Annual Pension Cost

Employee contribution rate is 8 percent and the employer effective contribution rate is 22 percent of covered payroll. For the years ended June 30, 2025 and 2024, KUAC's total covered payroll was \$347,562 and \$267,039. Employer contributions were \$76,464 and \$58,749 for the years ended June 30, 2025 and 2024, respectively, for pension and postemployment healthcare.

On July 1, 2006, three pension trust sub-funds were created within PERS: the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). KUAC's employer contributions to these plans, and the Postemployment Benefits Other Than Pensions (OPEB) Liabilities related to these plans are not material and have not been calculated for separate disclosure.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 9 - RETIREMENT PLAN (continued)

University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

Plan Description

The ORP is an employer funded defined contribution plan with operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants. KUAC employees participate in ORP Tier 3, created for participants hired on or after July 1, 2006 who made a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plan, PERS-DC.

KUAC's covered payroll for ORP Tier 3 was \$224,114 and \$204,360 for the years ended June 30, 2025 and 2024, respectively. Employee contributions rates were 8% and KUAC contribution rates were 12% of covered payroll. KUAC contributions totaled \$26,894 and \$24,643 for the years ended June 30, 2025 and 2024. KUAC contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan (Pension)

Plan Description

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006), and faculty classified as temporary, participate in the Pension plan which was established effective January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006 and electing to participate in the University of Alaska Retirement program, also participate in the Pension plan.

Funding Policy and Annual Pension Cost

For fiscal years 2024 and 2023, employer contributions for regular employees were 7.65 percent of covered wages up to a maximum of \$42,000. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$176,100 and \$168,600 for fiscal years 2025 and 2024, respectively. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006, are 100 percent vested at all times. KUAC contributions for participants hired on or after July 1, 2006, are 100 percent vested after 3 years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan. The contributions on behalf of KUAC employees were \$58,112 and \$66,609 for the years ended June 30, 2025 and 2024.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 10 - FUNCTIONAL CLASSIFICATIONS WITH NATURAL CLASSIFICATIONS

	Compensation & Benefits	Contractual Services	Supplies & Materials	Travel & Other	In-kind Support	Indirect Facilities & Admin Support	Total	Depreciation
2025								
Program services								
Programming								
and production	\$ 508,484	\$ 612,442	\$ 1,492	\$ 2,740	\$ -	\$ 300,192	\$ 1,425,350	\$ -
Broadcasting	326,523	418,996	22,691	6,799	-	206,772	981,781	164,749
Program information	129,409	-	-	-	-	34,526	163,935	-
Total program services	<u>964,416</u>	<u>1,031,438</u>	<u>24,183</u>	<u>9,539</u>	<u>-</u>	<u>541,490</u>	<u>2,571,066</u>	<u>164,749</u>
Supporting services								
Management and general	394,537	119,634	7,750	12,837	-	142,672	677,430	-
Fundraising	410,828	63,952	16,218	44,954	21,686	142,991	700,629	-
Total supporting services	<u>805,365</u>	<u>183,586</u>	<u>23,968</u>	<u>57,791</u>	<u>21,686</u>	<u>285,663</u>	<u>1,378,059</u>	<u>-</u>
Total 2025	<u>\$ 1,769,781</u>	<u>\$ 1,215,024</u>	<u>\$ 48,151</u>	<u>\$ 67,330</u>	<u>\$ 21,686</u>	<u>\$ 827,153</u>	<u>\$ 3,949,125</u>	<u>\$ 164,749</u>
2024								
Program services								
Programming								
and production	\$ 529,591	\$ 591,561	\$ 1,635	\$ 3,084	\$ -	\$ 303,678	\$ 1,429,549	\$ -
Broadcasting	315,448	408,108	19,394	-	-	200,393	943,343	170,548
Program information	125,711	-	-	-	-	33,907	159,618	-
Total program services	<u>970,750</u>	<u>999,669</u>	<u>21,029</u>	<u>3,084</u>	<u>-</u>	<u>537,978</u>	<u>2,532,510</u>	<u>170,548</u>
Supporting services								
Management and general	376,796	71,905	3,944	7,033	8,630	123,987	592,295	-
Fundraising	350,761	48,971	16,379	48,673	16,632	125,365	606,781	-
Total supporting services	<u>727,557</u>	<u>120,876</u>	<u>20,323</u>	<u>55,706</u>	<u>25,262</u>	<u>249,352</u>	<u>1,199,076</u>	<u>-</u>
Total 2024	<u>\$ 1,698,307</u>	<u>\$ 1,120,545</u>	<u>\$ 41,352</u>	<u>\$ 58,790</u>	<u>\$ 25,262</u>	<u>\$ 787,330</u>	<u>\$ 3,731,586</u>	<u>\$ 170,548</u>

SUPPLEMENTARY INFORMATION

KUAC TV9 FM89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2025

	Total per Financial Statements	Nonmonetary transactions	Monetary
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 1,020,347	\$ -	\$ 1,020,347
Other	245,459	-	245,459
State appropriations and University funding	221,400	-	221,400
Contributions	1,196,476	-	1,196,476
Other operating revenues	17,674	-	17,674
Underwriting revenue	222,115	-	222,115
Facilities and administrative support from University of Alaska	827,153	827,153	-
In-kind contributions, services and other	21,686	21,686	-
Total operating revenues	3,772,310	848,839	2,923,471
Operating expenses			
Program services			
Local programming and production	1,425,350	300,192	1,125,158
Broadcasting	981,781	206,772	775,009
Program information	163,935	34,526	129,409
Supporting services			
Management and general	677,430	142,672	534,758
Fundraising	700,629	164,677	535,952
Depreciation	164,749	-	164,749
Total operating expenses	4,113,874	848,839	3,265,035
Operating profit	(341,564)	-	(341,564)
Non-operating revenues (expenses)			
Investment income	94,919	-	94,919
Total non-operating revenues (expenses)	94,919	-	94,919
Change in net position before other revenues, expenses, gains or losses	(246,645)	-	(246,645)
Change in net pension and OPEB	(46,000)	-	(46,000)
Change in net position	(292,645)	-	(292,645)
Net position			
Beginning of year	3,990,585	-	3,990,585
End of year	\$ 3,697,940	\$ -	\$ 3,697,940

See independent accountant's report.

KUAC TV9 FM89.9
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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2024

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 982,835	\$ -	\$ 982,835
Other	221,054	-	221,054
State appropriations and University funding	223,200	-	223,200
Contributions	1,135,866	-	1,135,866
Other operating revenues	10,080	-	10,080
Underwriting revenue	227,743	-	227,743
Facilities and administrative support from University of Alaska	787,330	787,330	-
In-kind contributions, services and other	25,262	25,262	-
	<u>3,613,370</u>	<u>812,592</u>	<u>2,800,778</u>
Operating expenses			
Program services			
Local programming and production	1,429,549	303,678	1,125,871
Broadcasting	943,343	200,393	742,950
Program information	159,618	33,907	125,711
Supporting services			
Management and general	592,295	132,617	459,678
Fundraising	606,781	141,997	464,784
Depreciation	170,548	-	170,548
	<u>3,902,134</u>	<u>812,592</u>	<u>3,089,542</u>
Operating profit	<u>(288,764)</u>	<u>-</u>	<u>(288,764)</u>
Non-operating revenues (expenses)			
Investment income	106,754	-	106,754
	<u>106,754</u>	<u>-</u>	<u>106,754</u>
Change in net position before other revenues, expenses, gains or losses	(182,010)	-	(182,010)
Change in net pension and OPEB	84,000	-	84,000
Change in net position	(98,010)	-	(98,010)
Net position			
Beginning of year	4,088,595	-	4,088,595
End of year	<u>\$ 3,990,585</u>	<u>\$ -</u>	<u>\$ 3,990,585</u>

See independent accountant's report.

KUAC TV9 FM 89.9
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Schedule of KUAC's Proportionate Share of the Net Pension Liability
PERS-DB Plan

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
KUAC's proportion of net pension liability	0.0417%	0.0485%	0.0471%	0.0510%	0.0315%	0.0302%	0.0341%	0.0317%	0.0376%	0.0366%
KUAC's proportionate share of net pension liability	\$2,284,000	\$2,512,000	\$2,399,000	\$1,870,000	\$1,858,000	\$1,651,000	\$1,693,000	\$1,639,000	\$2,103,000	\$1,758,000
State's proportionate share of the net pension liability associated with KUAC	<u>854,000</u>	<u>837,000</u>	<u>664,000</u>	<u>253,000</u>	<u>769,000</u>	<u>655,000</u>	<u>490,000</u>	<u>611,000</u>	<u>265,000</u>	<u>475,000</u>
Total	<u>\$3,138,000</u>	<u>\$3,349,000</u>	<u>\$3,063,000</u>	<u>\$2,123,000</u>	<u>\$2,627,000</u>	<u>\$2,306,000</u>	<u>\$2,183,000</u>	<u>\$2,250,000</u>	<u>\$2,368,000</u>	<u>\$2,233,000</u>
KUAC's covered employee payroll	516,215	671,761	658,113	647,686	571,528	601,547	695,375	699,250	745,924	793,483
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	442.5%	374.0%	364.5%	288.8%	325.2%	274.5%	243.5%	234.4%	282.0%	221.6%
Plan fiduciary net position as a percentage of the total pension liability	67.8%	68.2%	68.0%	76.5%	61.6%	63.0%	65.0%	63.4%	59.6%	64.0%

Data reported is measured as of July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015.

See independent accountant's report.

KUAC TV9 FM 89.9
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Schedule of KUAC's Proportionate Share of the Net OPEB Liability
PERS-DB OPEB Plan

Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
KUAC's proportion of net OPEB liability	0.0417%	0.0484%	0.0471%	0.0512%	0.0315%	0.0302%	0.0341%	0.0317%
KUAC's proportionate share of net OPEB liability (asset)	\$ (919,000)	\$(1,112,000)	\$ (920,000)	\$(1,313,000)	\$ (142,000)	\$ 45,000	\$ 349,000	\$ 268,000
State's proportionate share of the net OPEB liability associated with KUAC	<u>(341,000)</u>	<u>(374,000)</u>	<u>(263,000)</u>	<u>(172,000)</u>	<u>(59,000)</u>	<u>18,000</u>	<u>101,000</u>	<u>100,000</u>
Total	<u><u>\$(1,260,000)</u></u>	<u><u>\$(1,486,000)</u></u>	<u><u>\$(1,183,000)</u></u>	<u><u>\$(1,485,000)</u></u>	<u><u>\$ (201,000)</u></u>	<u><u>\$ 63,000</u></u>	<u><u>\$ 450,000</u></u>	<u><u>\$ 368,000</u></u>
KUAC's covered employee payroll	516,215	671,761	658,113	649,686	571,528	601,547	695,375	699,250
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	50.2%	38.3%
Plan fiduciary net position as a percentage of the total pension liability	130.6%	134.0%	128.5%	135.5%	106.2%	98.1%	88.1%	89.7%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

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KUAC TV9 FM 89.9
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Schedule of KUAC's Contribution to PERS-DB Pension Plan

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 114,000	\$ 148,000	\$ 145,000	\$ 101,000	\$ 83,000	\$ 104,000	\$ 115,000	\$ 139,000	\$ 133,000	\$ 105,000
Contributions in relation to the statutorily required contribution	\$ 114,000	\$ 148,000	\$ 145,000	\$ 101,000	\$ 83,000	\$ 104,000	\$ 115,000	\$ 139,000	\$ 133,000	\$ 105,000
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KUAC's covered employee payroll	\$ 516,215	\$ 671,761	\$ 658,113	\$ 647,686	\$ 571,528	\$ 601,547	\$ 695,375	\$ 699,250	\$ 745,924	\$ 793,483
Contribution as a percentage of covered KUAC payroll	22.0%	22.0%	22.0%	15.6%	14.5%	17.3%	16.5%	19.9%	17.9%	13.3%

Data reported is measured as of July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015.

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KUAC TV9 FM 89.9
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Schedule of KUAC's Contribution
PERS-DB OPEB Plan

Last 10 Fiscal Years *

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ -	\$ -	\$ -	\$ 42,000	\$ 42,000	\$ 38,000	\$ 37,000	\$ 39,000
Contributions in relation to the statutorily required contribution	\$ -	\$ -	\$ -	\$ 42,000	\$ 42,000	\$ 38,000	\$ 37,000	\$ 39,000
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KUAC's covered employee payroll	\$ 516,215	\$ 671,761	\$ 658,113	\$ 647,686	\$ 571,528	\$ 601,547	\$ 695,375	\$ 699,250
Contribution as a percentage of covered-KUAC payroll	0.0%	0.0%	0.0%	6.5%	7.3%	6.3%	5.3%	5.6%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

See independent accountant's report.