DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION AND AFFILIATE

COMBINED FINANCIAL REPORT

SEPTEMBER 30, 2025 AND 2024

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Duluth-Superior Area Educational Television Corporation
The Beck Foundation of DSAET
Duluth, Minnesota

Opinion
We have audited the accompanying combined financial statements of Duluth-Superior Area Educational Television Corporation (a nonprofit organization) and Affiliate, which comprise the combined statement of financial position as of September 30, 2025 and 2024, and the related combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Duluth-Superior Area Educational Television Corporation and Affiliate as of September 30, 2025 and 2024, 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. 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 Duluth-Superior Area Educational Television Corporation and Affiliate 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 the combined 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 combined 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 Duluth-Superior Area Educational Television Corporation and Affiliate's ability to continue as a going concern within one year after the date that the combined 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 combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 Duluth-Superior Area Educational Television Corporation and Affiliate '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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Duluth-Superior Area Educational Television Corporation and Affiliate '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.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The schedule of assets, liabilities and net assets by grantee, schedule of revenues and expenses by grantee, schedules of assets, liabilities, and net assets - The Beck Foundation of DSAET, and the schedules of revenues and expenses – The Beck Foundation of DSAET are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Esterbrooks Certified Public Accountants, Ltd.

Duluth, Minnesota
May 12, 2025

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS:		
Cash	$ 314,323	$ 332,159
Certificates of deposit	386,518	372,342
Underwriting revenue receivable	32,508	40,076
Grants receivable	208,361	424,976
Prepaid expenses	56,909	49,013
Total current assets	998,619	1,218,566
PROPERTY AND EQUIPMENT:		
Land	13,863	13,863
Buildings	2,127,423	1,665,167
Broadcasting equipment	8,619,327	8,400,516
Office equipment	215,437	206,356
Vehicles	162,671	162,671
Total cost	11,138,721	10,448,573
Less: Accumulated depreciation	(9,388,098)	(9,085,661)
Net property and equipment	1,750,623	1,362,912
OTHER ASSETS:		
Operating lease right-of-use asset, net	166,457	192,797
Investments	20,863,078	19,704,613
Promise to give, use of facilities	-	3,801
FCC license	66,547	66,547
Total other assets	21,096,082	19,967,758
Total assets	$ 23,845,324	$ 22,549,236

LIABILITIES AND NET ASSETS	2025	2024
CURRENT LIABILITIES:		
Accounts payable	$ 180,961	$ 259,074
Accrued expenses	232,856	225,163
Deferred revenue	15,950	35,676
Current portion of operating lease liability	57,396	42,889
Amounts held on behalf of others	14,925	14,925
Total current liabilities	502,088	577,727
LONG-TERM LIABILITIES:		
Operating lease liability, net of current portion	109,024	149,410
Total liabilities	611,112	727,137
NET ASSETS:		
Without Donor Restrictions:		
Available for operations	2,111,258	1,592,473
Designated for long-term investment	20,894,311	19,728,169
Total net assets without donor restrictions	23,005,569	21,320,642
With Donor Restrictions	228,643	501,457
Total net assets	23,234,212	21,822,099
Total liabilities and net assets	$ 23,845,324	$ 22,549,236

See notes to combined financial statements.

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION
AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING			
REVENUE AND OTHER SUPPORT:			
Contributions and grants	$ 1,859,464	$ 2,015,569	$ 3,875,033
Legacies and bequests	137,000	-	137,000
Underwriting	252,429	-	252,429
Production and other income	26,992	-	26,992
Rental income	43,839	-	43,839
Investment income, net	419,545	-	419,545
Contributions of nonfinancial assets	43,150	-	43,150
Net assets released from restriction	2,288,383	(2,288,383)	-
Total revenues and other support	5,070,802	(272,814)	4,797,988
EXPENSES:			
Program services -			
Programming and production	2,324,260	-	2,324,260
Broadcasting	1,086,326	-	1,086,326
Program information	430,008	-	430,008
Total program services	3,840,594	-	3,840,594
Supporting services -			
Management and general	731,593	-	731,593
Fundraising and membership	586,248	-	586,248
Total supporting services	1,317,841	-	1,317,841
Total expenses	5,158,435	-	5,158,435
Change in net assets from operating activities	(87,633)	(272,814)	(360,447)
NONOPERATING			
Contributions and grants	-	174,365	174,365
Gains on investments	1,598,195	-	1,598,195
Net assets released from restriction	174,365	(174,365)	-
Change in net assets from nonoperating activities	1,772,560	-	1,772,560
Change in net assets	1,684,927	(272,814)	1,412,113
NET ASSETS:			
Beginning of year	21,320,642	501,457	21,822,099
Correction of error	-	-	-
End of year	$ 23,005,569	$ 228,643	$ 23,234,212

2024		
Without Donor Restrictions	With Donor Restrictions	Total
$ 1,532,180	$ 2,091,961	$ 3,624,141
5,000	-	5,000
264,390	-	264,390
62,233	-	62,233
43,277	-	43,277
453,236	-	453,236
41,893	-	41,893
2,045,061	(2,045,061)	-
4,447,270	46,900	4,494,170
2,561,621	-	2,561,621
1,024,681	-	1,024,681
323,831	-	323,831
3,910,133	-	3,910,133
736,601	-	736,601
488,016	-	488,016
1,224,617	-	1,224,617
5,134,750	-	5,134,750
(687,480)	46,900	(640,580)
-	60,744	60,744
3,104,188	-	3,104,188
60,744	(60,744)	-
3,164,932	-	3,164,932
2,477,452	46,900	2,524,352
18,977,050	454,557	19,431,607
(133,860)	-	(133,860)
$ 21,320,642	$ 501,457	$ 21,822,099

See notes to combined financial statements.

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION
AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Program Services				Supporting Services			
	Program and Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising and Membership	Total Supporting Services	Total
Salaries, payroll taxes and employee benefits	$ 1,219,783	$ 568,915	$ 292,714	$ 2,081,412	$ 356,120	$ 367,436	$ 723,556	$ 2,804,968
Professional services	86,094	61,737	23,568	171,399	178,515	7,316	185,831	357,230
Program acquisition	610,424	3,600	-	614,024	6,531	-	6,531	620,555
Program production	133,495	-	-	133,495	1,000	-	1,000	134,495
Membership	4,141	-	209	4,350	21,268	-	21,268	25,618
Fundraising	6,841	784	7,822	15,447	551	132,527	133,078	148,525
Advertising	1	-	93,488	93,489	971	-	971	94,460
Office, postage, and printing	31,227	20,122	5,482	56,831	20,833	50,831	71,664	128,495
Insurance	949	-	-	949	118,712	-	118,712	119,661
Rent	47,412	61,935	-	109,347	-	-	-	109,347
Repairs and maintenance	6,950	35,684	365	42,999	2,363	18,758	21,121	64,120
Utilities	-	206,662	-	206,662	-	-	-	206,662
Travel	7,541	1,057	1,685	10,283	17,563	3,402	20,965	31,248
Miscellaneous	7,001	2,025	-	9,026	1,478	110	1,588	10,614
Depreciation	162,401	123,805	4,675	290,881	5,688	5,868	11,556	302,437
Total Expenses	$ 2,324,260	$ 1,086,326	$ 430,008	$ 3,840,594	$ 731,593	$ 586,248	$ 1,317,841	$ 5,158,435

See notes to combined financial statements.

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION
AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Services				Supporting Services			
	Program and Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising and Membership	Total Supporting Services	Total
Salaries, payroll taxes and employee benefits	$ 1,176,442	$ 509,029	$ 180,155	$ 1,865,626	$ 318,972	$ 202,541	$ 521,513	$ 2,387,139
Professional services	68,790	51,169	14,685	134,644	191,232	7,515	198,747	333,391
Program acquisition	677,595	-	-	677,595	5,495	-	5,495	683,090
Program production	340,329	5,588	410	346,327	-	2,166	2,166	348,493
Membership	-	-	35	35	32,513	4,026	36,539	36,574
Fundraising	11,478	-	3,594	15,072	8,443	202,963	211,406	226,478
Advertising	6,000	247	108,989	115,236	6,444	1,185	7,629	122,865
Office, postage, and printing	33,716	24,985	8,599	67,300	26,058	46,385	72,443	139,743
Insurance	-	-	-	-	112,632	-	112,632	112,632
Rent	54,314	54,804	400	109,518	9,635	-	9,635	119,153
Repairs and maintenance	914	49,172	259	50,345	441	16,025	16,466	66,811
Utilities	607	196,163	-	196,770	-	-	-	196,770
Travel	4,176	1,450	3,233	8,859	12,505	1,238	13,743	22,602
Miscellaneous	28,292	100	-	28,392	5,935	68	6,003	34,395
Depreciation	158,968	131,974	3,472	294,414	6,296	3,904	10,200	304,614
Total Expenses	$ 2,561,621	$ 1,024,681	$ 323,831	$ 3,910,133	$ 736,601	$ 488,016	$ 1,224,617	$ 5,134,750

See notes to combined financial statements.

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION
AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of change in net assets to net cash provided by (used for) operating activities:		
Change in net assets	$ 1,412,113	$ 2,524,352
Adjustments to reconcile to net cash provided:		
Depreciation	302,437	304,614
Amortization of operating lease right-of-use asset	55,604	45,898
Loss (gain) on investments	(1,598,195)	(3,104,188)
(Increase) decrease in:		
Underwriting revenue receivable	7,568	2,254
Grants receivable	216,615	(112,893)
Prepaid expenses	(7,896)	43,395
Promise to give, use of facilities	3,801	22,803
Increase (decrease) in:		
Accounts payable and accrued expenses	(70,420)	93,548
Deferred revenue	(19,726)	(29,087)
Operating lease liability	(55,143)	(46,646)
Net cash provided by (used for) operating activities	246,758	(255,950)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(690,148)	(73,360)
Purchase of certificates of deposit	(14,176)	(22,342)
Proceeds from sale of investments	870,214	1,321,429
Purchases of investments	(430,484)	(921,213)
Net cash (used for) provided by investing activities	(264,594)	304,514
NET (DECREASE) INCREASE IN CASH	(17,836)	48,564
CASH - Beginning of year	332,159	283,595
CASH - End of year	$ 314,323	$ 332,159
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Lease assets obtained in exchange for lease liabilities:		
Operating leases	$ 29,264	$ 242,464

See notes to combined financial statements.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Organization -
The Duluth-Superior Area Educational Television Corporation (the Organization) is a non-profit Minnesota corporation which operates the non-commercial public television station WDSE and the noncommercial educational radio station The North 103.3 FM in Duluth, Minnesota. The financial statements include the accounts of The Beck Foundation of DSAET, a non-profit Minnesota corporation which provides financial support for the Organization. All significant inter-organization accounts and transactions have been eliminated.

Basis of Presentation -
The financial statements have been prepared on the accrual basis of accounting.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed 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-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents -
The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents. At September 30, 2025 and 2024 the Organization had no cash equivalents.

Certificates of Deposit –
Certificates of deposit with initial maturities of three months or more that are not debt securities are included in “Certificates of deposit” on the statements of financial position. The Organization reports all certificates of deposit as current assets, regardless of maturity.

Underwriting Receivables -
Receivables are stated at the amount management expects to collect from outstanding balances. Based on historical experience, assessment of economic conditions, and a review of subsequent collections management has concluded that the realization of losses on balances outstanding at year-end will be immaterial.

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

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property and Equipment -
Expenditures for minor additions of equipment are charged to expense when incurred. Expenditures for land, buildings, major improvements and equipment additions are capitalized and recorded as additions to net assets without donor restrictions. Property and equipment are stated at cost, except for those assets acquired by donation, which are stated at fair value at the date of the gift. Depreciation is calculated by the straight-line method over the estimated useful lives of the depreciable assets. Depreciation recorded during the fiscal years ending September 30, 2025 and 2024 was $302,437 and $304,614, respectively.

Donated Equipment -
Gifts of land, buildings, and equipment are recorded as contributions at their fair value at the date of donation. Such donations are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Investments -
Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values based on quoted prices in active markets (Level 1 measurements) in the statements of financial position. The net realized and unrealized gains (losses) on investments are reflected in the statements of activities.

Fair Value Measurements -
The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

FCC License -
The FCC license purchased in November 2021 for KUMD-FM is considered an indefinite-lived intangible asset and is recorded at cost. Such intangible assets are not amortized but instead are subject to annual impairment tests or more frequently if an event occurs or circumstances change that would indicate an impairment in accordance with ASC Topic 350, *Intangibles – Goodwill and Other.*

The Organization tests the license for impairment by first assessing qualitative factors to determine the existence of events and circumstances that may indicate it is more likely than not that the indefinite-lived intangible assets could be impaired. If, after assessing the totality of events and circumstances, the Organization concludes that it is not more likely than not that the indefinite-lived intangible assets are impaired, then no further action is taken. However, if the Organization concludes otherwise, then it determines the fair value of the indefinite-lived intangible assets and performs a quantitative impairment test by comparing the fair value with the carrying amount.

There were no indications of impairment noted in the annual test performed for the year ended September 30, 2025 and 2024, respectively.

Pledges -
The Organization engages in fundraising campaigns manifested by offering special television programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. However, uncollected pledges that are not enforceable against contributors are not shown as assets on the statements of financial position. Contributions and collected pledges are reported as without donor restriction inasmuch as their usage is not limited to specific activities. This usage is consistent with appeals for contributions and pledges.

Revenue Recognition -
Contributions and grants are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions on which they depend have been substantially met. Contributions and grants are classified as conditional if a barrier must be overcome to be entitled to the funds or if a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. As of September 30, 2025 and 2024, the Organization has received conditional grants totaling $2,234,489 and $2,439,145, respectively, for which the conditions stipulated by the grantor have not yet been met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Underwriting revenue includes amounts received in exchange for recognition within the Organization's programming. The Organization recognizes underwriting revenue as the performance obligation is satisfied over the contract period. The contract period is the timeframe in which the agreed-upon number of underwriting spots occur. Payment terms vary by contract and may be received all at once or over the term of the contract.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue Recognition (continued) -
Production and other income include various production and content activities, as well as royalty payments received. Production activity is recognized as revenue as the performance obligations are satisfied over the contract period.

Deferred revenue represents program underwriting revenues received in advance, which will be recognized in future periods as they are earned.

Beginning and ending balances of underwriting revenue receivable and deferred revenue are as follows:

	2025	2024	2023
Underwriting revenue receivable	$ 32,508	$ 40,076	$ 42,330
Deferred revenue	$ 15,950	$ 35,676	$ 64,763

Advertising Costs –
The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Leases –
The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the combined statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Functional Expenses –
Expenses incurred for a specific function are assigned directly to that function by management. Expenses that affect more than one specific function are allocated among the functions using a reasonable basis that is consistently applied. The expenses allocated include salaries, payroll taxes and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, utilities, office expenses, and other, which are allocated on the basis of estimated usage.

Income Taxes -
The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of Minnesota statutes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no required provision for income taxes for the years ended September 30, 2025 and 2024.

Uncertain Tax Positions -
The Organization follows the recognition requirements of uncertain tax positions as required by generally accepted accounting principles. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is generally no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2022.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Reclassification -
Certain amounts in the 2024 financial statements have been reclassified for comparative purposes to conform with the current year financial statements. Such reclassification had no effect on net earnings or net assets as previously reported.

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

Operations -
The Organization has reported its activities as operating or non-operating. Operating activities are an integral part of the programs, services and mission of the Organization. Non-operating activities do not directly affect the programs and services of the Organization such as items associated with acquisition of property and equipment and gain (loss) on investments.

Subsequent Events -
In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 12, 2026, which is the date the financial statements were issued.

2. FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

The Organization manages its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, as described in Note 4, the Organization may request funds for capital projects or operating expenses from the Beck Foundation, which holds a board-designated endowment of $20,894,311 and $19,704,613 as of September 30, 2025 and 2024, respectively.

As of September 30, 2025 and 2024, financial assets available within one year of the statement of financial position for general expenditures, such as operating expenses, are as follows:

	2025	2024
Financial assets:		
Cash	$ 314,323	$ 332,159
Certificates of deposit	386,518	372,342
Underwriting revenue receivable	32,508	40,076
Grants receivable	208,361	424,976
Total financial assets available within one year	941,710	1,169,553
Less amounts unavailable for general expenditure with one year:		
Donor-imposed restrictions	(228,643)	(501,457)
Amounts held on behalf of others	(14,925)	(14,925)
Financial assets available to meet cash needs for general expenditures within one year	$ 713,067	$ 653,171

3. INVESTMENTS:

The fair values of investments at September 30, 2025 and 2024 were as follows:

	2025	2024
Money market funds	$ 1,673,084	$ 2,089,650
U.S. Government and agency bonds and notes	1,238,724	1,178,142
Corporate bonds	912,082	961,258
Mutual bond funds	1,863,985	1,748,057
Real estate funds	300,074	299,559
Mutual stock funds	7,876,147	7,259,081
Publicly held corporate stock	5,573,253	4,841,885
Alternative investments	1,425,729	1,326,981
Totals	$ 20,863,078	$ 19,704,613

Investments are measured at fair value on a recurring basis using Level 1 inputs. For additional information on how the Organization measures fair value refer to Note 1.

4. BOARD-DESIGNATED ENDOWMENT:

Investment assets held by The Beck Foundation (the Foundation) have been designated by the boards of the Organization and the Foundation to be functioning as an endowment. As required by U.S. 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 Foundation's investment policies for endowment assets have the following goals:

(1) to preserve the purchasing power of the investment assets without putting the funds at imprudent risk,
(2) to support current and future operations of the Organization through a flow of investment income, and
(3) to provide long-term growth in principal through additional contributions and capital appreciation.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year up to 10 percent of its endowment funds at value of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment funds to grow at an average of 4 percent annually. This is consistent with the the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

4. BOARD-DESIGNATED ENDOWMENT (CONTINUED):

Composition of and Changes in Endowment Net Assets for the Years Ended September 30, 2025 and 2024

	2025	2024
Board-designated endowment net assets, beginning of year	$ 19,728,169	$ 16,771,916
Contributions	28,677	27,281
Investment return, net	2,002,465	3,532,972)
Appropriation of endowment assets for expenditure	(865,000)	(604,000)
Board-designated endowment net assets, end of year	$ 20,894,311	$ 19,728,169

5. CONTRIBUTIONS OF NONFINANCIAL ASSETS:

Contributions of nonfinancial assets included in the statement of activities are comprised of the following as of September 30, 2025 and 2024:

	2025	2024
Contributed rent valued at estimated fair value based on rates used to charge other renters of similar spaces.		
Leased land	$ 43,150	$ 41,893

6. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES:

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

	2025	2024
Subject to expenditure for specified purpose:		
Future program activities	$ 228,643	$ 501,457

A portion of the net assets without donor restrictions has been designated by the Board of Directors for specific purposes, as follows:

	2025	2024
Long-term investment	$ 20,894,311	$ 19,728,169

7. NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended September 30, 2025 and 2024.

	2025	2024
Operating activities -		
Program expenditures	$ 2,288,383	$ 2,045,061
Non-operating activities		
Acquisition of property and equipment	174,365	60,744
Total	$ 2,462,748	$ 2,105,805

8. ARRANGEMENTS FOR LEASING TO OTHERS:

The Organization leases transmitter equipment to customers under operating leases. Equipment cost under operating leases was $77,895 each year and is included in broadcasting equipment in the accompanying statements of financial position. Accumulated depreciation on equipment under operating leases was $77,895 at September 30, 2025 and 2024. During the years ended September 30, 2025 and 2024 rental income recognized under these agreements was $43,839 and $43,277, respectively.

Minimum future rental income at September 30, 2025 are as follows:

Year Ending September 30,	Amount
2026	$ 43,140
2027	21,748

9. TAX DEFERRED ANNUITY RETIREMENT PLANS:

The Organization contributes to a voluntary tax-sheltered annuity plan covering participating employees meeting certain service and age requirements. Contributions to the plan of $33,613 and $25,605 were charged to operations for the years ended September 30, 2025 and 2024, respectively.

10. CONCENTRATION OF REVENUE:

For the years ended September 30, 2025 and 2024, approximately 28% and 29% respectively, of the Organization’s operating revenue was provided by grants from the Corporation for Public Broadcasting (CPB), and approximately 24% and 23% respectively, was provided by the State of Minnesota.

On July 24, 2025, the federal government enacted a recission package that eliminated previously authorized appropriations to the CPB. As a result of this legislative action, the current fiscal year will be the final year in which CPB funding is received. The termination of this funding source is expected to have a material adverse effect on future operating revenues. Management is evaluating the financial and operational implications of the recission and assessing strategies to address the anticipated loss of funding.

11. CONCENTRATION OF CREDIT RISK:

The Organization maintains its cash balances at institutions insured by the Federal Deposit Insurance Corporation (FDIC). These cash balances, at times, may exceed federally insured limits. At September 30, 2025 and 2024 total uninsured cash balances were $136,518 and $122,342, respectively. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

12. LEASE COMMITMENTS:

Lease Site for Building -
A 99-year lease was entered into on January 2, 1976 (effective February 1, 1976) between the Organization and the Regents of the University of Minnesota for a building construction site on the campus of the University of Minnesota, Duluth. The lease was made in consideration of one dollar and the recognized benefit to be derived by the University from the proximity of an educational television station.

The lease contains, among other things, various significant restrictions and requirements concerning easement rights, use of the facility, potential tax assessments, and conditions of lease termination.

The lease provision relative to default of the lease covenants provides that in the event of default in any of the covenants of the lease to be kept by the Organization, the University may terminate the lease by thirty days' notice specifying such default and, if at the end of such period such default is not cured, the lease shall terminate and the University may re-enter and take possession within a reasonable time thereafter.

During the years ended September 30, 2025 and 2024, contributions of nonfinancial assets and rental expense recognized under this agreement were $43,150 and $41,893, respectively.

Use of Radio Studio Facilities -
The Organization received the free use of the radio station studios for three years as part of the purchase of KUMD-FM. Activity under this agreement are included in these financial statements for the years ending September 30, 2025 and 2024 as follows:

	2025	2024
Promise to give, use of facilities	$ -	$ 3,801
Rent expense	$ 3,801	$ 22,803

Operating Lease of Tower and Building Space –
The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization's has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

12. LEASE COMMITMENTS (CONTINUED):

On September 2, 2008, the Organization entered into a 5-year lease with the option of one 5-year renewal of tower and building space located in Hibbing, Minnesota. The lease was amended as of September 1, 2018 for a term of 5 years with the option to renew for five additional 5-year terms. The lease agreement requires monthly payments of $3,771 for the first year of the lease with inflation adjustments annually.

On March 26, 2024, the Organization entered into a 3-year lease with the option of four 3-year renewals of a broadcasting tower in Grand Marais, Minnesota. The lease agreement requires monthly payments of $838 with an increase 2% each year.

Each lease contains, among other things, requirements and restrictions regarding insurance, easement rights, and conditions of lease termination.

For the years ended September 30, 2025 and 2024, total lease cost, included in program expenses, was $61,935 and $54,457, respectively. As of September 30, 2025, the weighted-average remaining lease term for the Organization's operating lease was approximately 33 months a and weighted average discount rate was 3.48%.

Right to use assets are as follows at September 30:

	2025	2024
ROU Assets	$ 271,728	$ 242,464
Less: Accumulated amortization	(105,271)	(49,667)
Total	$ 166,457	$ 192,797

Minimum future rentals at September 30, 2025 are as follows:

Year Ending September 30,	Amount
2026	$ 57,396
2027	64,515
2028	51,710
Total lease payments	173,621
Less present value discount	(7,201)
Total lease obligations	$ 166,420

13. NONMONETARY TRANSACTIONS:

The Organization enters into exchange transactions to provide program underwriting for operating expenses such as advertising and supplies. During the years ended September 30, 2025 and 2024, nonmonetary transactions recorded as underwriting revenue and associated expenses totaled $10,181 and $21,626, respectively.

14. CORRECTION OF ERROR:

During the fiscal year ended September 30, 2025, the Organization identified and corrected an error in the timing of expense recognition related to PBS membership dues. In prior years, the Organization recognized the full amount of PBS dues as an expense in the Organization's fiscal year in which the dues were paid. Management determined that PBS membership dues represent payments for services provided over PBS's fiscal year, which runs from July 1 through June 30, and therefore should be recognized ratably over that period. Accordingly, the Organization has corrected this error by recognizing, in the current fiscal year, the portion of PBS membership dues attributable to the period July 1 through September 30 as accounts payable. The following table summarizes the effect of the correction of the error on the Organization's combined statement of financial position as of September 30, 2024:

	As previously reported	As restated	Adjustment
Accounts payable	$ 125,214	$ 259,074	$ 133,860
Net assets without donor restriction	21,454,502	21,320,642	(133,860)

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION AND AFFILIATE

SUPPLEMENTARY INFORMATION

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION AND AFFILIATE

SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY GRANTEE

SEPTEMBER 30, 2025

ASSETS	WDSE-TV	WDSE-FM	Total
CURRENT ASSETS:			
Cash	$ 314,212	$ 111	$ 314,323
Certificates of deposit	386,518	-	386,518
Underwriting revenue receivable	28,324	4,184	32,508
Grants receivable	182,976	25,385	208,361
Prepaid expenses	2,669	54,240	56,909
Due from WDSE-TV	-	244,651	244,651
Total current assets	914,699	328,571	1,243,270
PROPERTY AND EQUIPMENT:			
Land	13,863	-	13,863
Buildings	2,127,067	356	2,127,423
Broadcasting equipment	8,201,745	417,582	8,619,327
Office equipment	206,357	9,080	215,437
Vehicles	116,858	45,813	162,671
Total cost	10,665,890	472,831	11,138,721
Less: Accumulated depreciation	(9,231,484)	(156,614)	(9,388,098)
Net property and equipment	1,434,406	316,217	1,750,623
OTHER ASSETS:			
Operating lease right-of-use asset, net	166,457	-	166,457
Investments	20,863,078	-	20,863,078
FCC license	-	66,547	66,547
Total other assets	21,029,535	66,547	21,096,082
Total assets	$ 23,378,640	$ 711,335	$ 24,089,975
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	$ 203,834	$ (22,873)	$ 180,961
Accrued expenses	164,218	68,638	232,856
Deferred revenue	14,950	1,000	15,950
Current portion of operating lease liability	57,396	-	57,396
Due to WDSE-FM	244,651	-	244,651
Amounts held on behalf of others	14,925	-	14,925
Total current liabilities	699,974	46,765	746,739
LONG-TERM LIABILITIES:			
Operating lease liability, net of current portion	109,024	-	109,024
Total liabilities	808,998	46,765	855,763
NET ASSETS:			
Without Donor Restrictions:			
Available for operations	1,624,120	487,138	2,111,258
Designated for long-term investment	20,894,311	-	20,894,311
Total net assets without donor restrictions	22,518,431	487,138	23,005,569
With Donor Restrictions	51,211	177,432	228,643
Total net assets	22,569,642	664,570	23,234,212
Total liabilities and net assets	$ 23,378,640	$ 711,335	$ 24,089,975

See independent auditor's report.

DULUTH-SUPERIOR AREA EDUCATIONAL TELEVISION CORPORATION AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES BY GRANTEE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

OPERATING	WDSE-TV	WDSE-FM	Total
REVENUE AND OTHER SUPPORT:			
Contributions and grants	$ 3,366,538	$ 508,495	$ 3,875,033
Legacies and bequests	137,000	-	137,000
Underwriting	211,580	40,849	252,429
Production and other income	20,344	6,648	26,992
Rental income	43,339	500	43,839
Investment income, net	19,545	400,000	419,545
Contributions of nonfinancial assets	43,150	-	43,150
Total revenues and other support	3,841,496	956,492	4,797,988
EXPENSES:			
Program services -			
Programming and production	1,904,402	419,858	2,324,260
Broadcasting	884,693	201,633	1,086,326
Program information	289,420	140,588	430,008
Total program services	3,078,515	762,079	3,840,594
Supporting services -			
Management and general	478,235	253,358	731,593
Fundraising and membership	437,663	148,585	586,248
Total supporting services	915,898	401,943	1,317,841
Total expenses	3,994,413	1,164,022	5,158,435
Change in net assets from operating activities	(152,917)	(207,530)	(360,447)
NONOPERATING			
Contributions and grants	110,004	64,361	174,365
Gains on investments	1,598,195	465,000	2,063,195
Change in net assets from nonoperating activities	1,708,199	529,361	2,237,560
Change in net assets	1,555,282	321,831	1,877,113
NET ASSETS:			
Beginning of year	21,479,360	342,739	21,822,099
End of year	$ 23,034,642	$ 664,570	$ 23,699,212

See independent auditor's report.

THE BECK FOUNDATION OF DSAET
SCHEDULES OF ASSETS, LIABILITIES AND NET ASSETS
SEPTEMBER 30, 2025 AND 2024

ASSETS	2025	2024
Investments	$ 20,840,227	$ 19,678,796
Accrued investment income	22,850	25,817
Due from WDSE-TV	34,959	27,281
Total assets	$ 20,898,036	$ 19,731,894
LIABILITIES AND NET ASSETS		
Due to WDSE-TV	$ 3,725	$ 3,725
Total liabilities	3,725	3,725
Net assets -		
Without Donor Restrictions:		
Designated for long-term investment	20,894,311	19,728,169
Total net assets	20,894,311	19,728,169
Total liabilities and net assets	$ 20,898,036	$ 19,731,894

See independent auditor's report.

THE BECK FOUNDATION OF DSAET
SCHEDULES OF REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
REVENUE:		
Contributions and bequests	$ 28,677	$ 27,281
Interest	143,240	165,944
Dividends	321,342	320,299
Net gains on investments	1,598,195	3,104,188
Less: Investment fees	(60,312)	(57,459)
Total revenues	2,031,142	3,560,253
EXPENSES:		
Program services		
Grants to Duluth-Superior Area Educational Television Corporation	865,000	604,000
Total expenses	865,000	604,000
Change in net assets	1,166,142	2,956,253
NET ASSETS, Beginning of year	19,728,169	16,771,916
NET ASSETS, End of year	$ 20,894,311	$ 19,728,169

See independent auditor's report.