



FRANCIS & COMPANY<sub>PLLC</sub>

**BEETHOVEN, INC., AND SUBSIDIARIES**

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**Consolidated Financial Statements  
With Independent Auditor's Report  
June 30, 2025, and June 30, 2024**

**BEETHOVEN, INC., AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2025 and June 30, 2024**

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**Independent  
Auditor's Report**



FRANCIS & COMPANY<sub>PLLC</sub>

CERTIFIED PUBLIC ACCOUNTANTS | MANAGEMENT CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Beethoven, Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Beethoven, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2025 and June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the twelve-month and six-month periods ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Beethoven, Inc. and Subsidiaries as of June 30, 2025 and June 30, 2024, and the changes in its net assets and its cash flows for the twelve-month period ended June 30, 2025 and the six-month period ended June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beethoven, Inc. and Subsidiaries 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.

### Emphasis of Matter - Change in Financial Reporting Period

As discussed in Note 1 - Change in Financial Reporting Period, the current period presented is for the twelve months ended June 30, 2025, whereas the prior period presented is for the six months ended June 30, 2024. The financial statements are therefore not directly comparable. Our opinion is not modified with respect to this matter.

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Classical 98.1 statements of activities for the twelve-month period ended June 30, 2025 and the six-month period ended June 30, 2024 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Classical 98.1 statements of activities for the twelve-month period ended June 30, 2025 and the six-month period ended June 30, 2024, are fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Francis & Company PLLC  
Seattle, Washington  
December 3<sup>rd</sup>, 2025

**Consolidated  
Statements of  
Financial Position**

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2025 AND JUNE 30, 2024**

	Note	2025	2024
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 5,294,944	\$ 3,789,368
Receivables	4	50,790	143,109
Promises to give, current	3	259,500	80,500
Prepaid expenses		156,113	119,705
<b>Total current assets</b>		<b>5,761,347</b>	<b>4,132,682</b>
<b>NON-CURRENT ASSETS</b>			
Promises to give, non - current	3	273,148	-
Investments	2	3,193,982	2,542,776
Property and equipment net of depreciation	5	1,174,774	1,418,628
Operating lease right-of-use assets		4,430,472	4,733,244
Goodwill		-	133,518
Intangible assets		1,425,647	2,160,424
<b>Total non-current assets</b>		<b>10,498,023</b>	<b>10,988,590</b>
<b>TOTAL ASSETS</b>		<b>\$16,259,370</b>	<b>\$15,121,272</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 53,827	\$ 15,734
Accrued payroll and other liabilities		250,005	134,993
Operating lease liabilities - current	7	303,490	278,418
<b>Total current liabilities</b>		<b>607,322</b>	<b>429,145</b>
<b>NON-CURRENT LIABILITIES</b>			
Operating lease liabilities - non-current	7	4,646,412	4,949,936
<b>Total non-current liabilities</b>		<b>4,646,412</b>	<b>4,949,936</b>
<b>TOTAL LIABILITIES</b>		<b>\$ 5,253,734</b>	<b>\$ 5,379,081</b>
<b>NET ASSETS</b>			
Net assets with donor restrictions	6	1,828,180	896,102
Net assets without donor restrictions	6		
Board designated		3,311,989	2,660,385
Undesignated		5,865,467	6,185,704
<b>Total net assets</b>		<b>\$ 11,005,636</b>	<b>\$ 9,742,191</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ 16,259,370</b>	<b>\$ 15,121,272</b>

See accompanying notes to consolidated financial statements.

**Consolidated  
Statements of  
Activities**

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2025, AND THE SIX MONTHS ENDED JUNE 30, 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Listener support	\$ 5,196,655	\$ 1,124,600	<b>\$ 6,321,255</b>	\$ 1,998,155	\$ 153,000	<b>\$ 2,151,155</b>
Underwriting	324,390	-	<b>324,390</b>	201,025	-	<b>201,025</b>
Corporation for Public Broadcasting Community Service Grant	227,717	87,769	<b>315,486</b>	-	-	-
Grants	201,979	-	<b>201,979</b>	15,250	-	<b>15,250</b>
In-kind contributions	547	-	<b>547</b>	2,524	-	<b>2,524</b>
Investment gain	539,462	-	<b>539,462</b>	238,821	-	<b>238,821</b>
	6,490,750	1,212,369	<b>7,703,119</b>	2,455,775	153,000	<b>2,608,775</b>
Net assets released from restrictions	280,291	(280,291)	-	159,000	(159,000)	-
<b>Total Public Support and Revenue</b>	<b>6,771,041</b>	<b>932,078</b>	<b>7,703,119</b>	<b>2,614,775</b>	<b>(6,000)</b>	<b>2,608,775</b>
<b>EXPENSES</b>						
Programming and production	2,397,575	-	<b>2,397,575</b>	1,097,230	-	<b>1,097,230</b>
Broadcasting	986,411	-	<b>986,411</b>	444,128	-	<b>444,128</b>
Public information	977	-	<b>977</b>	7,898	-	<b>7,898</b>
<b>Total Program Services</b>	<b>3,384,963</b>	-	<b>3,384,963</b>	<b>1,549,256</b>	-	<b>1,549,256</b>
Administration	465,719	-	<b>465,719</b>	281,793	-	<b>281,793</b>
Underwriting	148,936	-	<b>148,936</b>	87,664	-	<b>87,664</b>
Fundraising	2,440,056	-	<b>2,440,056</b>	557,912	-	<b>557,912</b>
<b>Total Support Services</b>	<b>3,054,711</b>	-	<b>3,054,711</b>	<b>927,369</b>	-	<b>927,369</b>
<b>Total Expenses</b>	<b>6,439,674</b>	-	<b>6,439,674</b>	<b>2,476,625</b>	-	<b>2,476,625</b>
<b>CHANGE IN NET ASSETS</b>						
Net assets, beginning of period	<b>331,367</b>	<b>932,078</b>	<b>1,263,445</b>	<b>138,150</b>	<b>(6,000)</b>	<b>132,150</b>
Net assets, beginning of period	8,846,089	896,102	<b>9,742,191</b>	8,707,939	902,102	<b>9,610,041</b>
<b>NET ASSETS, END OF PERIOD</b>	<b>\$ 9,177,456</b>	<b>\$ 1,828,180</b>	<b>\$ 11,005,636</b>	<b>\$ 8,846,089</b>	<b>\$ 896,102</b>	<b>\$ 9,742,191</b>

See accompanying notes to consolidated financial statements.

**Consolidated  
Statements of  
Functional Expenses**

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

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	Program				Support			Services		Total Support Services	Total
	Programming & Production	Broadcasting	Public Information	Total Program Services	Administration	Underwriting	Fundraising				
Personnel Expenses	\$ 1,605,606	\$ 240,377	\$ -	<b>\$ 1,845,983</b>	\$ 218,552	\$ 69,201	\$ 694,706	<b>\$ 982,459</b>	<b>\$ 2,828,442</b>		
Tele-Communications	18,115	21,544	977	<b>40,636</b>	1074	977	4,321	<b>6,372</b>	<b>47,008</b>		
Insurance	29,213	38,958	-	<b>68,171</b>	11,993	-	697	<b>12,690</b>	<b>80,861</b>		
Outside Services	74,630	4,361	-	<b>78,991</b>	17,738	-	31,989	<b>49,727</b>	<b>128,718</b>		
Repairs and Maintenance	17	49,077	-	<b>49,094</b>	2179	-	-		<b>2,179</b>	<b>51,273</b>	
Office Expenses	304,731	395,238	-	<b>699,969</b>	61,181	44,447	57,928	<b>163,556</b>	<b>863,525</b>		
Fundraising and Membership	-	-	-	-	1768	-	518,969	<b>520,737</b>	<b>520,737</b>		
Meeting Expense	575	-	-	<b>575</b>	6,200	-	170	<b>6,370</b>	<b>6,945</b>		
Depreciation & Amortization	150,084	83,765	-	<b>233,849</b>	10,006	-	734,775	<b>744,781</b>	<b>978,630</b>		
Travel & Entertainment	15,002	-	-	<b>15,002</b>	21,769	-	13,816	<b>35,585</b>	<b>50,587</b>		
Professional Fees	199,602	16,685	-	<b>216,287</b>	109,328	-	55,067	<b>164,395</b>	<b>380,682</b>		
Digital Expenses	-	-	-	-	-	-	327,618	<b>327,618</b>	<b>327,618</b>		
Business Taxes	-	2,886	-	<b>2,886</b>	3,456	-	-		<b>3,456</b>	<b>6,342</b>	
Bad Debt	-	-	-	-	475	34,311	-		<b>34,786</b>	<b>34,786</b>	
Impairment	-	133,520	-	<b>133,520</b>	-	-	-	-	-	<b>133,520</b>	
<b>Total Expenses</b>	<b>\$ 2,397,575</b>	<b>\$ 986,411</b>	<b>\$ 977</b>	<b>\$ 3,384,963</b>	<b>\$ 465,719</b>	<b>\$ 148,936</b>	<b>\$ 2,440,056</b>	<b>\$ 3,054,711</b>	<b>\$ 6,439,674</b>		

See accompanying notes to consolidated financial statements.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024**

	Program Services			Total Program Services	Support Services			Total Support Services	Total
	Programming & Production	Broadcasting	Public Information		Administration	Underwriting	Fundraising		
Personnel Expenses	\$ 688,155	\$ 151,160	\$ -	<b>\$ 839,315</b>	\$ 126,041	\$ 41,423	\$ 308,101	<b>\$ 475,565</b>	<b>\$ 1,314,880</b>
Marketing	4,427	-	-	<b>4,427</b>	-	-	-	-	<b>4,427</b>
Tele-Communications	13,123	9,710	441	<b>23,274</b>	462	371	1,392	<b>2,225</b>	<b>25,499</b>
Insurance	15,445	18,039	-	<b>33,484</b>	5,172	-	680	<b>5,852</b>	<b>39,336</b>
Outside Services	39,468	1,799	-	<b>41,267</b>	6,146	-	5,252	<b>11,398</b>	<b>52,665</b>
Repairs and Maintenance	-	13,907	-	<b>13,907</b>	836	-	-	<b>836</b>	<b>14,743</b>
Office Expenses	113,034	176,756	7,457	<b>297,247</b>	32,019	29,654	27,429	<b>89,102</b>	<b>386,349</b>
Fundraising and Membership	-	-	-	-	-	-	187,587	<b>187,587</b>	<b>187,587</b>
Meeting Expense	-	-	-	-	1,743	-	859	<b>2,602</b>	<b>2,602</b>
Depreciation Expense	122,028	60,285	-	<b>182,313</b>	8,135	-	-	<b>8,135</b>	<b>190,448</b>
Travel & Entertainment	2,950	-	-	<b>2,950</b>	2,854	-	2,539	<b>5,393</b>	<b>8,343</b>
Professional Fees	97,293	10,906	-	<b>108,199</b>	97,328	-	23,073	<b>120,401</b>	<b>228,600</b>
Digital Expenses	-	-	-	-	3,923	-	-	<b>3,923</b>	<b>3,923</b>
Business Taxes	1,307	1,566	-	<b>2,873</b>	(2,866)	-	-	<b>(2,866)</b>	<b>7</b>
Bad Debt	-	-	-	-	-	16,216	1,000	<b>17,216</b>	<b>17,216</b>
<b>Total Expenses</b>	<b>\$ 1,097,230</b>	<b>\$ 444,128</b>	<b>\$ 7,898</b>	<b>\$ 1,549,256</b>	<b>\$ 281,793</b>	<b>\$ 87,664</b>	<b>\$ 557,912</b>	<b>\$ 927,369</b>	<b>\$ 2,476,625</b>

See accompanying notes to consolidated financial statements.

**Consolidated  
Statements of  
Cash Flows**

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2025,**  
**AND THE SIX MONTHS ENDED JUNE 30, 2024**

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	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,263,445	\$ 132,150
<i>Adjustments to reconcile change in net assets to net cash from operating activities:</i>		
Depreciation and amortization	1,112,150	190,448
Reinvested investment earnings	(114,097)	(47,187)
Unrealized loss (gain) on investments	(289,143)	(128,872)
(Increase) / decrease in assets:		
Receivables	92,319	121,135
Promises to give	(452,148)	6,000
Prepaid expenses	(36,408)	(22,347)
Right of use assets	302,772	109,411
Increase / (decrease) in liabilities:		
Accounts payable	38,093	(110,221)
Accrued payroll and other liabilities	115,012	(12,471)
Lease liability	(278,452)	(92,506)
<b>Net cash provided by operating activities</b>	<b>\$ 1,753,543</b>	<b>\$ 145,540</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(247,967)	(114,336)
Sale of investments	-	118,052
Purchase of intangible assets	-	(139,270)
Acquisition of furniture, fixtures, and equipment	-	(38,724)
<b>Net cash used in investing activities</b>	<b>\$ (247,967)</b>	<b>\$ (174,278)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,505,576</b>	<b>(28,738)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>3,789,368</b>	<b>3,818,106</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$5,294,944</b>	<b>\$3,789,368</b>

See accompanying notes to consolidated financial statements.

**Notes to  
the Consolidated  
Financial Statements**

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 1 SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The accompanying financial statements include Beethoven, Inc., and all its wholly owned subsidiaries. Inter-entity transactions and balances have been eliminated in consolidation. The consolidated entity is referred to as KING FM in the notes to the consolidated financial statements.

Beethoven, Inc.

Beethoven, Inc., is a nonprofit corporation whose purpose is to support ArtsFund, Seattle Symphony Orchestra, and Seattle Opera Association and thereby advance the appreciation and performance of opera, symphonic music, and chamber music in the Puget Sound area of Washington State.

Classic Radio, Inc

Beethoven, Inc. holds the stock of a wholly owned subsidiary, Classic Radio. Classic Radio is the licensee of KING FM, a radio station that broadcasts classical music throughout western Washington and digitally via the Internet and mobile devices.

Classical 98.1

Classic Radio has a Programming and Operating Agreement with Classical 98.1, a nonprofit corporation. The purpose of Classical 98.1 is to support the broadcasting of classical music in western Washington and thereby further the education and involvement of the public audience in classical music and advance the appreciation and performance of opera, symphonic music, and chamber music, using a wide spectrum of technologies to deliver the highest quality experience.

**Historical background**

Classic Radio, Inc. (CRI), a for-profit corporation, was formed in August 1991 and purchased KING FM in February 1992; at that time KING FM held a commercial FCC license. In May 1995, the stock of CRI was transferred from private owners to Beethoven, Inc. In March 2010, the Board of Directors (the Board) approved a change in CRI's business model to pursue the restructuring of KING FM from a commercial to noncommercial FCC licensee.

In March 2011, Classic Radio, a separate Washington State not-for-profit organization, was formed and Beethoven, Inc. contributed its investment in CRI to Classic Radio. In July 2010, Classical 98.1 was formed and applied for IRS (Internal Revenue Service) exemption. Both not-for-profit entities were formed to facilitate the change in structure from a commercial to noncommercial model. In April 2011, the IRS exemption letter was received for Classical 98.1, and the Board approved complete liquidation of CRI, with all assets being distributed to Classic Radio upon dissolution on July 11, 2011.

Beginning May 2, 2011, KING FM began operating as a noncommercial radio station supported by donations and Classical 98.1 began operating KING FM pursuant to a Programming and Operating Agreement with Classic Radio. In July 2011, Classic Radio received FCC approval to convert its operating license to a noncommercial license, completing the transition from a for-profit commercial radio station to a not-for-profit listener supported radio station.

**Principles of consolidation**

The accompanying financial statements include the accounts of Beethoven, Inc. and all of its wholly-owned subsidiaries. Inter-entity transactions and balances have been eliminated in consolidation.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Change in Financial Reporting Period**

During 2024, KING FM changed its financial year-end from December 31 to June 30. As a result, the current financial statements cover a period of 12 months ended June 30, 2025, whereas the prior period presented is for 6 months ended June 30, 2024. Users of these financial statements should note that the amounts presented for the current period and prior period are not directly comparable.

**Basis of Presentation**

KING FM's financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies are described below:

**Net Assets**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of KING FM and changes therein are classified and reported in the following two classes:

**Net assets without donor restrictions** - Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of KING FM. These net assets may be used at the discretion of KING FM's management and board of directors.

**Net assets with donor restrictions** - Net assets subject to stipulations imposed by donors which are to be spent on specific activities. When the restriction has been satisfied by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported as net assets released from donor restrictions in the statement of activities and changes in net assets. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

**Use of estimates**

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

**Cash and cash equivalents**

Cash and cash equivalents include demand deposits as well as amounts in temporary overnight investments, in interest liquid investment accounts, and in money markets with maturities of 90 days or less at the date of acquisition. Cash and cash equivalents that are part of KING FM's investment portfolio (see Note 2) are included in cash because those amounts are considered available for operating needs. The demand deposits are, at times, may exceed federally insured limits. KING FM has not experienced any losses in such accounts and believes they are not exposed to any significant related credit risk.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Receivables**

Account receivables are stated at unpaid balances on underwriting contracts, less an allowance for doubtful accounts. KING FM adopted a policy of providing for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of the underwriters to meet their obligations. Receivables are written off as a charge to the allowance for doubtful accounts once all reasonable efforts to collect have been exhausted.

**Promises to give**

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give due in more than one year are reflected at the present value of estimated future cash flows. Amortization of the discounts is included in contribution revenue. Conditional contributions are not included as support until the conditions are met.

**Property and equipment, depreciation, and amortization**

Additions, improvements, and expenditures of \$5,000 or greater that significantly extend the life of an asset are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of assets ranging from five to seven years. Amortization is computed using the straight-line method over three years for software and the shorter of the estimated useful life or the remaining lease term (including expected renewals) for leasehold improvements (20 years).

**Goodwill and other intangible assets**

Classic Radio acquired certain intangible assets from Classic Radio, Inc. in connection with the purchase of KING FM in 1992. The FCC license is considered to have an indefinite life; however, Classic Radio must renew the license with the FCC every seven years.

Finite-lived intangible assets are also tested annually for impairment. Goodwill was impaired as of June 30, 2025, and accordingly, a write-down of \$133,520 is included in the consolidated statement of activities for the period then ended.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments**

KING FM records its investments at fair value using Level 1 inputs, and the change in value is included in the change in net assets. The fair value measurement of investments was determined using Level 1 observable market inputs within the fair value hierarchy, consisting of quoted prices in active markets for identical assets. Investments consisting of Level 1 are investments primarily in exchange-traded funds.

In October 2020, the Board created a Board-designated fund with the goal of achieving a total return of 4% after inflation over a full market cycle. The target long-term strategic asset allocation was defined as follows:

	<b>Target</b>	<b>Minimum</b>	<b>Maximum</b>
Mutual funds			
Equities	65%	None	70%
Fixed Income	30%	None	50%
Cash	5%	\$500,000	100%

**Fair value measurements**

Financial instruments include cash and cash equivalents, accounts receivable, mutual funds and accounts payable. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and deposits approximate fair market value because of the short maturity of those instruments. Mutual funds are measured at fair value.

Topic 820 in the FASB's Accounting Standards Codification, Fair Value Measurements and Disclosures, establishes a three-tier valuation hierarchy for classification of fair value measurements as follows:

- Level 1 - Observable market inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 - Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows which is a level 3 input. KING FM also uses fair value concepts to test various long-lived assets for impairment.

KING FM's consolidated statements of financial position include investments in mutual funds that are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Leases**

Leases arise from contractual obligations that convey the right to control the use of identified property and equipment for a period in exchange for consideration. At the inception of the contract, KING FM determines if an arrangement contains a lease based on whether there is an identified asset and whether they control the use of the identified asset. KING FM also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents KING FM's right to use an underlying asset, and a lease liability represents KING FM's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Leases liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for KING FM's leases are not readily determinable, therefore, KING FM elected to use a risk-free discount rate at the lease commencement date for all new leases and at January 1, 2023 (adoption date).

KING FM's real estate operating leases typically include non-lease components such as common area maintenance costs. KING FM elected to combine non-lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that these are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

Certain KING FM's leases contain options to extend the lease term at prevailing market rates at the time of the renewal. Management cannot predict the future economic landscape; therefore, it is not reasonably certain to exercise the extension options. KING FM uses the base non-cancellable, lease term when recognizing the lease assets and liabilities. KING FM lease agreements do not contain any material restrictive covenants.

For contracts existing as of the Adoption Date, KING FM elected the practical expedient and did not reassess whether there were any expired or existing leases, and initial direct costs for any existing leases.

**Support and revenue**

KING FM recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been met.

Underwriting fees are considered exchange transactions and are recognized as revenue when credits are aired or delivered digitally. Underwriting fees paid in advance of credits aired or delivered digitally are reflected as deferred revenue until the credits are aired or delivered.

**In-kind goods and services**

Contributed materials have been recorded at their fair value at date of donation. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they:

- create or enhance non-financial assets, or
- require specialized skills and would need to be purchased if not provided by donation.

Corresponding expenses are recognized as the assets and services are utilized.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising costs**

KING FM expenses advertising costs as incurred. The consolidated statements of activities include \$0 and \$4,427, in advertising costs for the periods ended June 30, 2025, and June 30, 2024, respectively.

**Income taxes**

Tax status - The Internal Revenue Service has recognized Beethoven, Inc. and Classical 98.1 as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as entities described in Section 501(c)(3) and not as private foundations.

Deferred tax - Income taxes are provided for the tax effects of transactions related to Classic Radio's operations and consist of taxes currently due or refundable and deferred taxes. Deferred taxes represent the tax effect of temporary differences between the financial reporting basis and tax basis of assets and liabilities. These basis differences primarily relate to fixed assets, goodwill, FCC license, and certain accrued liabilities.

Uncertain tax positions - The effects of a tax position cannot be recognized in the consolidated financial statements unless it is a more-than-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that KING FM is entitled to the economic benefits of a tax position.

If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of June 30, 2025, there was no uncertain tax position for which a liability should be recorded.

**Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, such as leases, utilities and computer costs, expenses are allocated based on employee counts or estimated percentage of effort.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 2 INVESTMENTS**

Board-designated investments are stated at fair value and consist of the following on June 30, 2025 and June 30, 2024:

	<b>2025</b>	<b>2024</b>
Money market funds	\$ 0	\$ 475
Equities	2,078,720	1,703,500
Fixed income	1,115,262	838,801
<b>Total investments</b>	<b>\$ 3,193,982</b>	<b>\$ 2,542,776</b>

KING FM does not have any Level 2 or 3 assets. The fair value of Level 1 assets measured on a recurring basis is as follows June 30, 2025, and June 30, 2024:

	<b>2025</b>	<b>2024</b>
Money market funds	\$ 0	\$ 475
Mutual funds		
Vanguard High Yield Corp	119,553	98,430
Vanguard Intermediate Term Invest Grade	827,490	598,025
Vanguard Total Intl Bond Index	168,219	142,346
Vanguard Total World Stock Index	2,078,720	1,703,500
<b>Total level 1</b>	<b>\$ 3,193,982</b>	<b>\$ 2,542,776</b>

The gains and losses on investments are classified as net assets without donor restrictions in the consolidated statements of activities for the periods ended June 30, 2025 and June 30, 2024. The following schedule summarizes the investment return:

	<b>2025</b>	<b>2024</b>
Realized gains, interest, and dividends	\$ 251,870	\$ 109,949
Unrealized gains	287,592	128,872
<b>Total investment return</b>	<b>\$ 539,462</b>	<b>\$ 238,821</b>

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 3 PROMISES TO GIVE**

Unconditional promises to give as of June 30, 2025, and June 30, 2024 consist of the following:

	<b>2025</b>	<b>2024</b>
Receivable in less than one year	\$ 259,500	\$ 80,500
Receivable in one to five years	290,050	-
<b>Receivables before discount</b>	<b>549,550</b>	<b>80,500</b>
Discount	(16,902)	-
<b>Total promises to give</b>	<b>\$ 532,648</b>	<b>\$ 80,500</b>

Discounts on long-term promises to give are considered immaterial and uncollectible promises are expected to be insignificant on June 30, 2025, and June 30, 2024.

**NOTE 4 RECEIVABLES**

	<b>2025</b>	<b>2024</b>
CPB Grants	\$ 0	\$ 98,868
Underwriting	20,450	44,241
Membership and other	30,340	-
<b>Total receivables</b>	<b>\$ 50,790</b>	<b>\$ 143,109</b>

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2025, and June 30, 2024:

	<b>2025</b>	<b>2024</b>
Buildings and leasehold improvements	\$ 1,649,382	\$ 1,649,382
Towers, antennae, and transmitter equipment	801,141	801,141
Studio technical equipment	932,209	932,209
Furniture and office equipment	339,878	339,878
<b>Total Property and equipment, at cost</b>	<b>3,722,610</b>	<b>3,722,610</b>
Less: Accumulated depreciation	(2,547,836)	(2,303,982)
<b>Total Property and equipment, net</b>	<b>\$ 1,174,774</b>	<b>\$ 1,418,628</b>

Depreciation and amortization expense for land, buildings and equipment was \$978,630 and \$190,448 for the periods ended June 30, 2025 and June 30, 2024, respectively.

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 6 NET ASSETS**

Net assets consist of the following on June 30, 2025, and June 30, 2024:

	<b>2025</b>	<b>2024</b>
Without donor restriction		
Designated by the Board for		
Investment	\$ 3,311,989	\$ 2,660,385
Operating Reserve	500,000	500,000
Digital Transformation	772,349	1,099,967
Broadcast Capital	542,650	542,650
Undesignated	4,050,468	4,043,087
<b>Total without donor restrictions</b>	<b>9,177,456</b>	<b>8,846,089</b>
With donor restriction		
CPB - National Programing	-	26,022
Promises to give, Time restricted	287,500	80,500
Digital Campaign	751,100	-
Building Campaign - State of Washington Building for Arts	789,580	789,580
<b>Total with donor restrictions</b>	<b>1,828,180</b>	<b>896,102</b>
<b>Total Net Asset</b>	<b>\$ 11,005,636</b>	<b>\$ 9,742,191</b>

**NOTE 7 LEASES**

KING FM leases tower sites from a single entity under terms of operating leases expiring in various years through 2030. The main tower site is at West Tiger Mountain (WTM). The initial lease term expired on June 30, 2017, and was extended through the ten-year renewable period which expires on June 30, 2027. The backup tower site is at Cougar Mountain. (CM). CM's original term was ten years starting in 2000. The CM lease was extended from 2023 through June 30, 2030.

KING FM entered a fifteen-year sub-lease with the Seattle Opera, for its new facilities, commencing on March 1, 2020. KING FM did not have any leases that are classified as finance leases.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs (e.g., common area maintenance) based on an index or rate. If a lease does not include indexed or variable costs at a specific rate, KING FM includes those costs as part of operating expenses. Other variable costs for expenses which are not based on an index or rate, these variable lease payments are determined based on actual expenses incurred by the lessor and passed to KING FM 98.1. KING FM expenses these non-lease components as incurred.

Operating lease expenses in the Consolidated Statements of Activities for the periods ended June 30, 2025, and June 30, 2024, which are included in "Office Expenses" in the Consolidated Statements of Functional Expenses, on June 30, 2025, and June 30, 2024, were:

	<b>2025</b>	<b>2024</b>
Operating lease expense	\$ 508,186	\$ 253,318

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 7 LEASES (continued)**

Aggregate remaining maturities of lease liabilities as of June 30, 2025 -

2026	\$ 495,564
2027	509,452
2028	442,656
2029	370,850
Thereafter	5,313,587
<b>Total operating lease payments</b>	<b>7,132,109</b>
Minus: Imputed interest	(2,182,207)
<b>Total operating lease liabilities</b>	<b>\$ 4,949,902</b>

**NOTE 8 LIQUIDITY**

As a listener-supported classical music radio station, KING FM monitors liquidity required to meet its operational needs and other commitments monthly. KING FM receives significant contributions each year from donors, underwriters, and government and private grants, which are available to meet annual cash needs for general expenditures. KING FM considers all unrestricted revenue to be available to meet cash needs for general expenditure, which includes administrative, programming, fundraising and operations expenses. Contributions with donor restrictions are also considered for use in current programs which are ongoing and central to its annual operations be made available to meet cash needs for general expenditures.

KING FM manages its cash available to meet general expenditures following three guiding principles:

- operating within a prudent range of financial soundness and stability,
- maintaining adequate liquid assets to fund near-term operating needs, and
- building sufficient reserves to provide reasonable assurance that commitments with donor restrictions will be met.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2025 and June 30, 2024, are as follows:

	<b>2025</b>	<b>2024</b>
Total financial assets	\$ 8,799,216	\$ 6,555,753
Financial assets with donor restrictions	(1,038,600)	(106,522)
<b>Financial assets without donor restrictions</b>	<b>\$ 7,760,616</b>	<b>\$ 6,449,231</b>
Less board-designated financial assets	(3,311,989)	(3,160,385)
<b>Net financial assets after board-designated amount</b>	<b>\$ 4,448,627</b>	<b>\$ 3,288,846</b>

**BEETHOVEN, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND JUNE 30, 2024**

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**NOTE 9        PROFIT SHARING AND 401(k) PLAN**

KING FM has a profit sharing and 401(k) plan to cover substantially all full-time employees employed for more than one year. KING FM matches 100% of participant contributions up to 3% of eligible compensation, plus 50% of participant contributions over 3%, but not more than 5% of eligible compensation.

This expense totaled \$46,690 and \$14,242 for the periods ended June 30, 2025, and June 30, 2024, respectively.

**NOTE 10        SUBSEQUENT EVENTS**

Management evaluated all activities of KING FM through December 3<sup>rd</sup>, 2025 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the related Notes to the consolidated financial statements.

# **Supplementary Information**

**CLASSICAL 98.1**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2025, AND THE SIX MONTHS ENDED JUNE 30, 2024**

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	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Listener support	\$ 5,196,655	\$ 1,124,600	<b>\$ 6,321,255</b>	\$ 1,998,155	\$ 153,000	<b>\$ 2,151,155</b>
Underwriting	324,390	-	<b>324,390</b>	201,025	-	<b>201,025</b>
Corporation for Public Broadcasting Community Service Grant	227,717	87,769	<b>315,486</b>	-	-	-
Grants	201,979	-	<b>201,979</b>	15,250	-	<b>15,250</b>
In-kind contributions	547	-	<b>547</b>	2,524	-	<b>2,524</b>
Investment gain (loss)	539,462	-	<b>539,462</b>	238,821	-	<b>238,821</b>
	6,490,750	1,212,369	<b>7,703,119</b>	2455775	153,000	<b>2,608,775</b>
Net Assets Released from Restrictions	280,291	(280,291)	-	159,000	(159,000)	-
<b>Total Public Support and Revenue</b>	<b>6,771,041</b>	<b>932,078</b>	<b>7,703,119</b>	<b>2,614,775</b>	<b>(6,000)</b>	<b>2,608,775</b>
<b>EXPENSES</b>						
Programming and production	2,397,575	-	2,397,575	1,097,230	-	<b>1,097,230</b>
Broadcasting	292,342	-	292,342	350,929	-	<b>350,929</b>
Public information	977	-	977	7,898	-	<b>7,898</b>
<b>Total Program Services</b>	<b>2,690,894</b>	-	<b>2,690,894</b>	<b>1,456,057</b>	-	<b>1,456,057</b>
Administration	465,253	-	465,253	278,756	-	<b>278,756</b>
Underwriting	148,936	-	148,936	87,664	-	<b>87,664</b>
Fundraising	2,440,056	-	2,440,056	557,912	-	<b>557,912</b>
<b>Total Support Service</b>	<b>3,054,245</b>	-	<b>3,054,245</b>	<b>924,332</b>	-	<b>924,332</b>
<b>Total Expenses</b>	<b>5,745,139</b>	-	<b>5,745,139</b>	<b>2,380,389</b>	-	<b>2,380,389</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,025,902</b>	<b>932,078</b>	<b>1,957,980</b>	<b>234,386</b>	<b>(6,000)</b>	<b>228,386</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$ 7,697,758</b>	<b>\$ 896,102</b>	<b>\$ 8,593,860</b>	<b>7,463,372</b>	<b>902,102</b>	<b>8,365,474</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 8,723,660</b>	<b>\$ 1,828,180</b>	<b>\$ 10,551,840</b>	<b>\$ 7,697,758</b>	<b>\$ 896,102</b>	<b>\$ 8,593,860</b>

See accompanying notes to consolidated financial statements.