

CITIZENS COMMITTEE FOR THE RIGHT TO
KEEP AND BEAR ARMS

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

for the year ended December 31, 2025

**GUNNING
STENSON
& PRICE**
CERTIFIED PUBLIC ACCOUNTANTS



Independent Auditor's Report

To the Board of Directors
Citizens Committee for the Right
to Keep and Bear Arms
Bellevue, Washington

Qualified Opinion

We have audited the financial statements of Citizens Committee for the Right to Keep and Bear Arms (the "Committee"), which comprise the Statement of Financial Position as of December 31, 2025, and the related Statements of Activities and Comprehensive Changes in Net Assets, Schedule of Expenses and Statement of Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Committee as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in the notes to the financial statements, the Committee's investment in Broadcast Stations and Internet Media Website is accounted for under the cost method, and is carried at \$335,315 on the balance sheet at December 31, 2025. In our opinion accounting principles generally accepted in the United States of America require that the investment in Broadcast Stations and Internet Media Website should be recorded on the Equity method of accounting. The effects of carrying the investment in Broadcast Stations and Internet Media Website on the Cost basis rather than the Equity method of accounting have not been determined.

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Committee's ability to continue as a going concern for a year and a day from the day these financial statements were issued.

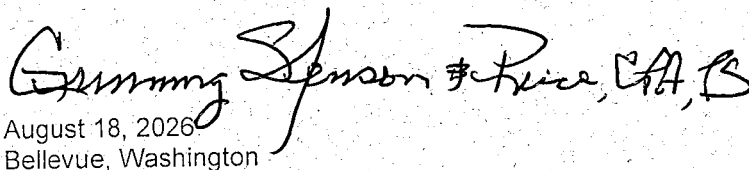
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on financial statements.

In performing an audit in accordance with GAAS, we:

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


August 18, 2026
Bellevue, Washington

GUNNING STENSON & PRICE
Certified Public Accountants

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A Professional Service Corporation

CITIZENS COMMITTEE FOR THE RIGHT TO
KEEP AND BEAR ARMS

STATEMENT OF FINANCIAL POSITION
as of December 31, 2025

ASSETS		<u>2025</u>
Current assets:		
Cash:		
On deposit		\$ 515,152
Short-term investments		1,247,713
Escrow account		37,575
Prepaid expenses		<u>5,985</u>
Total current assets		1,806,425
Investments, including unrealized gain of \$37,699		40,579
Furniture and equipment, less accumulated depreciation of \$113,631		-0-
Right of Use asset, Net of accumulated Amortization of 28,917		91,237
Investment in broadcast stations		192,500
Investment in internet media web site		142,815
Other assets		<u>5,250</u>
Total assets		<u>\$2,278,806</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses:		
Trade		\$ 32,371
Affiliates		30,000
Accrued expenses and taxes		3,162
Short term ROU liability		<u>60,578</u>
Total current liabilities		126,111
Long-term ROU liability		<u>30,658</u>
Total liabilities		156,769
Commitments		
Net assets:		
Accumulated comprehensive income		37,940
Net assets without donor restriction		<u>2,084,097</u>
Total net assets without donor restriction		2,122,037
Total liabilities and net assets without donor restriction		<u>\$2,278,806</u>

The accompanying notes are an integral part
of the financial statements

CITIZENS COMMITTEE FOR THE RIGHT TO
KEEP AND BEAR ARMS

STATEMENT OF ACTIVITIES AND
COMPREHENSIVE CHANGES IN NET ASSETS
for the year ended December 31, 2025

	<u>2025</u>
Revenues:	
Contributions	\$1,591,412
Interest and dividends	<u>42,515</u>
Total revenues	1,633,927
Expenses:	
Public education and legal action	534,502
Grass-roots lobbying	522,862
Fund raising	341,256
Management, general and administration	<u>148,864</u>
Total expenses	<u>1,547,484</u>
Write off of KITZ/KTGK note receivable	(50,000)
Value reduction in investment in radio stations below cost	<u>(709,000)</u>
Net loss	(672,557)
Unrealized gain on investment	<u>37,939</u>
Comprehensive change in net assets	(634,618)
Net assets, beginning of year	<u>2,756,655</u>
Net assets, end of year	<u>\$2,122,037</u>

The accompanying notes are an integral part
of the financial statements

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

SCHEDULE OF EXPENSES
for the year ended December 31, 2025

	Public Education and Legal Action	Grass-Roots Lobbying	Fund Raising	Management, General and Administrative	Total
Salaries, payroll taxes and employee benefits	\$ 94,093	\$ 72,758	\$ 11,984	\$ 32,949	\$ 211,784
Printing	104,095	105,519	84,953		294,567
Postage and shipping	148,499	148,499	125,944	493	423,435
Mailing list	15,743	15,743	15,743		47,229
Repairs and maintenance				1,013	1,013
Rent, utilities and insurance	7,321	7,741	6,901	25,871	47,834
Supplies				8,224	8,224
Conferences, conventions and trips	5,478	618		443	6,539
Professional fees and service contracts	115,975	138,637	88,502	58,525	401,639
Publicity and advertising	31,182	19,778			50,960
Internet and website expense	4,348	6,340		2,174	12,862
Research and grants	539				539
Interest and bank charges				7,938	7,938
Amort ROU Asset	7,229	7,229	7,229	7,229	28,916
Lease expense				3,469	3,469
Miscellaneous				536	536
Total	<u>\$534,502</u>	<u>\$522,862</u>	<u>\$341,256</u>	<u>\$148,864</u>	<u>\$1,547,484</u>
Percentage of expenses	<u>34.54%</u>	<u>33.79%</u>	<u>22.05%</u>	<u>9.62%</u>	<u>100.00%</u>

The accompanying notes are an integral part
of the financial statements

CITIZENS COMMITTEE FOR THE RIGHT TO
KEEP AND BEAR ARMS

STATEMENT OF CASH FLOWS

for the year ended December 31, 2025

	<u>2025</u>
Cash flows from operating activities:	
Change in unrestricted net assets	\$ (672,557)
Adjustments to reconcile change in unrestricted Net assets to net cash provided by operating activities:	
Market reduction of Radio Station below recorded cost	709,000
Write off of KITZ note receivable	50,000
Amortization of Right Of Use Asset	28,917
Changes in:	
Escrow account	47,490
Prepays	(5,985)
Deposits	4,818
Accounts payable and accrued expenses	(123,917)
Total adjustments	<u>710,323</u>
Net cash provided by operating activities	<u>37,766</u>
Cash flows used in investing activities:	
Purchase of short-term investments	(1,247,713)
Proceeds from sale of short-term investments	<u>1,257,382</u>
Net cash provided by investing activities	<u>9,669</u>
Cash flows used in financing activities:	
Payment of Right Of Use Asset liability	<u>(28,917)</u>
Net cash used by financing activities	<u>(28,917)</u>
Net increase in cash	<u>18,518</u>
Cash (including undeposited cash receipts):	
Beginning of year	<u>496,634</u>
End of year	<u>\$ 515,152</u>

Cash paid for interest	\$ <u>-0-</u>	\$ <u>-0-</u>
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Non Cash Transaction:

Acquisition of Right Of Use Asset	\$120,154
Liability for acquisition of Right Of Use Asset	(120,154)

The accompanying notes are an integral part
of the financial statements

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

1. The Committee and Significant Accounting Policies:

The Citizens Committee for the Right to Keep and Bear Arms (the "Committee") is a nonprofit, nonsectarian, bipartisan, voluntary membership organization. It was incorporated in the State of Washington in 1974. The purpose of the Committee is to defend the Second Amendment of the United States Constitution and to provide aid and information to individuals throughout the nation seeking to maintain the right to keep and bear arms.

The activities of the Committee have included direct lobbying and legal action against gun control legislation, public education concerning the preservation of the individual citizen's right to keep and bear arms, and grass-roots lobbying. Certain public education, grass-roots lobbying and fund-raising activities have been conducted in conjunction with internet and direct mail solicitations of contributions.

Significant accounting policies utilized by the Committee in preparation of the accompanying financial statements are:

Cash and Cash Equivalents, Short-Term Investments and Credit Risk

Short-term investments consist of certificates of deposit with original maturities of six months to eighteen months. All highly liquid investments with an original maturity date of less than three months when acquired are considered cash and cash equivalents. The Committee manages deposit concentration risk by placing cash and certificates of deposits with financial institutions believed by management of the Committee to be creditworthy. At times, amounts on deposit may exceed insured limits. To date the Committee has not experienced losses in any of these accounts. At December 31, 2025 the aggregate amount of cash and cash equivalents and certificates of deposit with several banks exceeds the Federally insured limit.

Impact of COVID-19

On March 1, 2020 the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. The COVID-19 pandemic and government responses created disruption in global supply chains and adversely impacted many industries.

On March 27, 2020 the President of the United States signed into law the "Coronavirus Aid, Relief and Economic Security ("CARES") Act. The CARES Act, among other things, included provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. The Committee did not apply for or take advantage of any of the provisions of the CARES Act or the Payroll Protection Program.

Management 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 disclosure 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.

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

1. The Committee and Significant Accounting Policies, continued:

Property, Donated Assets, Depreciation and Amortization

Furniture and equipment, with the exception of donated assets, are stated at cost. Donated assets, if any, are recognized as income and are capitalized at their estimated fair market values when received. Depreciation of assets is provided by the straight-line method over their estimated useful lives of three to five years. Additions and improvements are capitalized. Maintenance and repairs are charged to expense as incurred.

The cost and related accumulated depreciation and amortization of assets sold are removed from the accounts and resulting gains or losses, if any, are reflected in other revenues.

Contributions

Contributions are recorded as revenue when collected and are considered to be available for unrestricted use unless specifically restricted by the donor.

Classification and Recognition of Expenses

The cost of providing various services or activities of the Committee is reported on a functional basis. Costs that apply to more than one functional purpose are allocated among functions using an appropriate basis. For example, the allocation of expenses such as postage, envelopes, printed material and mailing fees to grass-roots lobbying and fund-raising functions is based upon the content of the material, reasons for the distribution, and the audience of the mailing. Other allocation factors include office space occupied and employee time incurred and other pertinent criteria. Fund-raising costs and costs of compiling mailing lists of prospective contributors are expensed as incurred.

Donated Services

No amounts are recorded in the financial statements for donated services, which include but are not limited to legal services and media advertising, because no objective basis is available to measure the value of such services. A number of volunteers and businesses have donated their time or services to the program services and fund-raising activities of the Committee.

Income Tax Status

The Committee is exempt from Federal income tax as a nonprofit organization as defined in Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in these financial statements. As a nonprofit organization under Section 501(c)(4) of the Internal Revenue Code, contributions to the Committee are not tax deductible.

The Statement of Financial Position includes only those assets and liabilities which relate to the business of the Committee. The Statement of Financial Position does not reflect the effects of any benefit or liability for federal income taxes.

The Committee has considered Federal or state tax positions taken and has evaluated its tax positions taken for all open tax years. Currently, the 2023, 2024 and 2025 tax years are open and subject to examination by the IRS. Based on the evaluation of the Committee's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2025.

Continued

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

1. The Committee and Significant Accounting Policies, continued:

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. All of the net assets of the Committee are assets without donor or governing body restrictions.

Net Assets With Donor Restrictions – The Committee has no net assets subject to donor (or certain grantor) restrictions. Donor imposed restrictions can be 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 may be perpetual in nature, where donor stipulates that resources be maintained in perpetuity. If the Committee had any net assets with donor restrictions, the donor imposed restrictions would be released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounting Guidance

In August, 2016 the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update 2016-14 "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities" ("ASU 2016-14"). As allowed by ASU 2016-14 the Committee adopted the provisions of ASU 2016-14 for the year ended December 31, 2016. With the issuance of ASU 2016-14 FASB has attempted to (1) improve the usefulness of information provided to donors, grantors, creditors and other users of the Committee's financial statements, (2) reduce complexities or costs for preparers or users of financial statements, or (3) both improve usefulness and reduce complexities or costs.

Under the guidance of ASU 2016-14 the Committee implemented the following:

- 1) Adoption of two classes, if any, of net assets, which are Net Assets Without Donor restrictions and Net Assets With Donor Restrictions
- 2) Presentation on the face of the statement of activities the amount of the change in the two classes, if any, of net assets noted in item 1.
- 3) Presentation in the financial statements of the functional expense allocation.
- 4) Continued use of the indirect method of reporting of operating cash flows.
- 5) Enhanced disclosures about governing body designations, if any. A qualitative and quantitative presentation about the Committee's management of liquid assets and the ability to meet the cash needs for general expenditures within one year of December 31, 2025.

Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued guidance for eight specific cash flow classification issues to reduce diversity in practice. The new standard was adopted by the Committee beginning January 1, 2019.

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

1. The Committee and Significant Accounting Policies, continued:

Statement of Cash Flows: Restricted Cash

In November 2016, the FASB issued a new standard related to the presentation of restricted cash on the statement of cash flows. The new standard requires that restricted cash be combined with the cash and cash equivalents on the statement of cash flows. The new standard was adopted by the Committee beginning January 1, 2019.

Revenue from Contracts with Customers

In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606). This update, along with ASU 2016-08, *Revenue from Contracts with Customers* (Topic 606), *Principal versus Agent Consideration (Reporting Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers* (Topic 606) *Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers* (Topic 606) *Narrow Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard.

The updates require that revenue should be recognized to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled to exchange for those goods or services. Additional disclosure is also required to enable financial statement users to understand the nature, amounts, timing and uncertainty of revenues and cash flows arising from contracts with customers. The Committee adopted these updates (collectively "Topic 606") on January 1, 2019 under the modified retrospective method. There are no contracts to apply Topic 606.

The Committee opted to apply the practical expedient which allows for application of the Topic 606 guidance to a portfolio of contracts, if any, with similar characteristics. An analysis of all of the various provisions of Topic 606 resulted in no significant changes in the way the Committee recognizes revenue; however, the presentation and disclosures of revenue has been enhanced. The timing and amount of revenue recognized by the Committee in the financial statements was not materially impacted by the adoption of Topic 606.

Financial Instruments – Overall

In January 2016, FASB issued ASU 2016-01, *Financial Instruments – Overall* (Subtopic 825-10), *Recognition and Measurement of Financial Assets and Financial Liabilities*. The update affects the accounting for equity instruments and financial liabilities. The Committee adopted ASU 2016-01 and there was no effect on the change in net assets reported at December 31, 2025.

Not for Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions

In June 2018, FASB issued ASU 2018-08, *Not for Profit Entities* (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. ASU 2018-08 provides guidance to assist in determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. ASU 2018-08 will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The Committee adopted ASU 2018-08 in 2019 under the modified prospective basis. The adoption of ASU 2018-08 did not impact the financial statements.

Continued

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

1. The Committee and Significant Accounting Policies, continued:

Fair Value Measurement – Disclosure Framework

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*.

ASU 2018-13 modifies certain disclosure requirements in *Topic 820, Fair Value Measurement*. ASU 2018-13 was effective for the Committee January 1, 2020 and was adopted on that date, but had no impact on the Committee's financial statements or disclosures.

Codification Improvements to Topic 326, Financial Instruments

In April 2019, FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. ASU 2019-04 addresses a wide variety of amendments to ASU 2016-13, *Financial Instruments – Overall*. There were no amendments that impacted the Committee's financial statements, because none of the amendments in ASU 2019-04 apply to assets, liabilities or activities of the Committee.

Reference Rate Reform

In March 2020, FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides guidance for a limited period of time to ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting. The ASU only applies to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discounted because of the reference rate reform. The Committee has no reference rate assets or liabilities.

Financial Instruments – Credit Losses

In June 2016, the FASB issued a new standard to replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans, and other financial instruments, the Committee will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. With the issuance of ASU No. 2018-19 *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, the new standard was effective for the Committee beginning January 1, 2022, with early adoption permitted beginning January 1, 2019. The Committee adopted the standard effective January 1, 2022. There was no impact from adoption of this standard on the Committee's financial statements.

Codification Improvements

In October 2020, the FASB issued ASU 2020-10, *Codification Improvements* which among other things, codifies certain items that were included in Other Presentation Matters section of the Codification in the Disclosure section since an option had been provided to give certain information either on the face of the financial statements or in the notes. ASU 2020-10 was effective for the Committee January 1, 2022.

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

1. The Committee and Significant Accounting Policies, continued:

Leases

On January 1, 2022, the Company adopted Accounting Standards Update (ASU) No. 2016-02 Leases ("Topic 842") ("ASU 2016-02") as amended, using the modified retrospective approach permitted under ASU No 2018-11, Targeted Improvements, collectively Accounting Standards Codification Topic 842 ("ASC 842"). Accordingly, previously reported financial information has not been restated to reflect the application of the new standard to the comparative periods presented. As permitted under the transition guidance in ASC 842, the Company has made an accounting policy election to adopt the following package of practical expedients:

- a) To not reassess whether expired or existing contracts contain leases;
- b) To not reassess lease classification for expired or existing leases;
- c) To not reassess any initial direct costs for any existing lease
- d) To record short-term lease payments (less than 12 months) in profit and loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred, and;
- e) To not prospectively, and upon adoption, separate lease and non-lease components

Right Of Use ("ROU") assets represent the Company's right to use an underlaying asset for the lease term and operating lease liability represents the Company's obligation to make lease payments arising from the lease. ASC 842 had no impact on the Company's statement of operations or on the statement of cash flows. Upon adoption, the Company recognized ROU assets of \$3,568 and operating lease liabilities of \$3,568 for equipment operating leases.

On July 1, 2025 the Committee entered into a lease rental agreement with the new owner of the building in which they currently operate. The lease agreement resulted in a Right Of Use Asset ("ROU Asset") of approximately \$120,000 and a Right Of Use Liability ("ROU Liability" of the same amount. See further discussion in the Lease footnote.

Not-for-Profit Entities

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. When adopted, ASU 2020-07 will provide for a framework for presentation and disclosure of contributed nonfinancial assets. The amendments in ASU 2020-07 improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for Not-for-Profit entities, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The Committee adopted ASU 2020-07 January 1, 2022.

2. Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the December 31, 2025 balance sheet date, are comprised of the following:

Cash	\$ 515,152
Short term investments	<u>1,247,713</u>
Total	<u>\$1,762,865</u>

Continued

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

3. Fair Value of Financial Instruments:

FASB Accounting Standards Codification 825, "Financial Instruments" ("FASC 825"), requires disclosure about fair value for all financial instruments whether or not recognized, for financial statement purposes. Disclosure about fair value of financial instruments is based on pertinent information available to management at December 31, 2025. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented are not necessarily indicative of the amount which could be realized on disposition of the financial instruments. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. Management believes that the fair value of cash and cash equivalents, accounts receivable and payable, investments and short term investments approximates carrying value based upon the high liquidity of the instruments.

FASC 825 provides the Committee with an option to report selected financial assets and liabilities at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management believes that FASC 825 does not have a material effect on the Committee's financial condition or results of operations. The Committee did not elect the fair value option as allowed by FASC 825 for its financial assets and liabilities that were not previously carried at fair value. Therefore, material financial assets and liabilities that are not carried at fair value, such as short-term and long-term debt obligations (if any) and trade accounts receivable and payable are still reported at their historical carrying values.

FASB Accounting Standards Codification 820, "Fair Value Measurements and Disclosures" ("FASC 820") defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. This statement was effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

The Committee adopted the methods of measuring fair value described in FASC 820. As defined in FASC 820, fair value is based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, FASC 820 establishes a three-tier fair value hierarchy that prioritizes the inputs used to measure fair value. These tiers include:

- Level 1 – defined as observable inputs such as quoted market prices in active markets
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable
- Level 3 – defined as unobservable inputs for which little or no market data exists, thereby requiring an entity to develop its own assumptions.

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

3. Fair Value of Financial Instruments:

At December 31, 2025, the Committee has certain assets that are required to be measured at fair value on a recurring basis. Management has determined that those assets should be carried on the books of the Committee at the cost basis (unless estimated fair value is less than cost) determined as discussed in the following footnotes. Management has chosen to disclose the estimated fair value of these investments. The assets and the respective estimated fair values are classified in the table below in one of the three categories of the fair value hierarchy described above.

As of December 31, 2025:

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in Gold Coin	\$2,880	40,579	40,579		
Keep and Bear Arms Web stock	\$142,815	\$142,815			\$142,815
KITZ/KTGK	\$-0-	\$-0-			\$-0-
KSBN	\$75,000	\$75,000		\$75,000	
KBNP	\$117,500	\$117,500		\$117,500	

Level 3 - The fair values for all other investments in website (Level 3) could not be determined without incurring excessive costs. The investment represent stock ownership of a website (see note 4). The web-site stock held by the Committee is in untraded companies that are privately held. The estimated fair values noted in the table are based on management's experience in the field of online communications. Management considered such input values as audience size and demographics and potential for upgrade of public access. Based on the inputs, management estimated the fair value of each of the web-site at December 31, 2025. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented are not necessarily indicative of the amount which could be realized on disposition of the investment. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

Management believes that because of market conditions for broadcast assets at December 31, 2025, the fair value for the Committee's broadcast assets has changed from the estimated fair value at December 31, 2024. Management believes that the availability of competing broadcast assets for sale in similar markets and a general softening in broadcast media market values have caused them to re-evaluate the fair value of the stations at December 31, 2025.

Management of The Committee estimated that the fair value of KITZ and KTGK were completely reduced to zero value. A charge to earnings of \$190,000 for 2025 was made for that change. During the first part of 2026 KSBN and KBNP entered into separate sales agreements with a third party that operates in the broadcast industry. Under the terms of the agreements – the Committee receives a specific amount of advertising time on the radio stations and cash, if any. Because the sales are not effective until 2026, the values of the broadcast properties have been written down to the fair value of the promised advertising. In 2026, the asset will be converted to prepaid advertising and amortized over the period of benefit. Because the Committee carries the investments in broadcast media on the lower of fair value or cost basis; for the year ended December 31, 2025, the Committee recorded a combined write down in the cost basis of KBNP, KSBN and KITZ of \$709,000 to reflect management's estimate of the fair value at December 31, 2025.

Continued

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investment in Broadcast Stations, Website and Network:

Radio Stations

KBNP Radio – The Committee and an affiliated organization each own 50% of KBNP Radio, Inc. stock ("KBNP"), which broadcasts in Portland, Oregon. At December 31, 2008 the Committee and an affiliated organization each owned 33% and a director owned 34% of KBNP Radio, Inc. stock. The investment is accounted for under the cost method. During the year ended December 31, 2008, the Board of Directors of the Committee approved a purchase of 17% of the 34% ownership of the director. The Board of Directors obtained an appraisal to determine the fair market value of the station in December, 2008. Based on that appraisal, the Board approved a purchase of 17% of the directors 34% ownership at a 20% discount from the appraised value. Simultaneously an affiliated group purchased the other 17% of the directors 34% for the same amount. The purchase amount of \$544,000 was paid in 2009. The Committee entered into a sales agreement for KBNP to an operator in the broadcast industry in March, 2026. Under the terms of the sales agreement KBNP will provide \$112,500 in advertising on the station plus \$5,000 cash. The Committee has reduced the carrying value of KBNP to \$117,500 at December 31, 2025 with a charge to operations of \$413,000. In March 2026 the remaining balance will be reclassified as prepaid advertising and cash receivable and amortized over the term of the expected advertising period. The Committee purchased approximately \$27,280 of advertising time from KBNP during 2025.

The Committee had a Multiple Advance Promissory Note receivable from KBNP Radio, Inc. Under the terms of the note, the Committee was obligated to advance up to \$50,000 to KBNP. Any outstanding balance on the advances was to bear interest at 8% per year from the date advanced until paid. The Borrower defaulted on the note and any/all interest. The note was written off as of December 31, 2025.

KSBN Radio - The Committee and an affiliate organization each own 50% of the stock of KSBN Radio, Inc. ("KSBN") (which broadcasts in Spokane, Washington). The investment is carried on the cost method.

The Committee entered into a sales agreement for KSBN to an operator in the broadcast industry in May, 2026. Under the terms of the sales agreement KSBN will provide \$75,000 in advertising on the station. The Committee has reduced the carrying value of KSBN to \$75,000 at December 31, 2025 with a charge to operations of \$106,000. In May 2026 the remaining balance will be reclassified as prepaid advertising and cash receivable and amortized over the term of the expected advertising period. The Committee purchased approximately \$7,500 of advertising time from KSBN during 2025.

KITZ Radio - During 1999, the Committee purchased \$40,000 of advertising time on KITZ, a radio station serving the Seattle, Washington area market. In exchange for purchasing the advertising, the Committee also received a 20% ownership interest in the radio station. The advertising time was expensed over the two year term of the contract. The stock acquired in exchange for the advertising is being carried on the books of the Committee with no cost basis.

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investment in Broadcast Stations, Website and Network, continued:

In December 2000 the Committee and an affiliate organization purchased all of the outstanding shares (15,000 shares each) of KITZ radio station. The Committee's portion of the purchase was \$238,750. Management of the Committee believes that the purchase price reflected the distressed nature of KITZ and the existing ownership position of the Committee at the time of the purchase, and was not representative of the fair market value of the station at the time of purchase. The stock was acquired with an initial payment of \$75,000 at closing and a non-interest bearing note with a \$350,000 face value (\$175,000 attributable to the Committee) was issued for the remainder of the purchase price. In accordance with Generally Accepted Accounting Principles the note was discounted using the Committee's effective borrowing rate, estimated by management of the Committee as 8%. The discounted value of the note was \$163,750. The investment is carried on the cost basis.

Effective January 1, 2008, the Committee converted a note receivable from KITZ to a direct equity investment and removed the accrued interest and related reserve account.

In November, 2003 KITZ entered into a purchase agreement to buy the assets of a radio station in Olympia, Washington for \$300,000. The purchase was completed in April, 2004 after the approval of the Federal Communication Commission. The call letters of the station were changed to KGTK. The stock was acquired with an initial payment of \$100,000 (\$50,000 attributable to the Committee ownership) at closing, and a non-interest bearing note with a \$200,000 face value (\$100,000 attributable to the Committee's ownership in KITZ) was issued for the remainder of the purchase price. The note was collateralized by all of the assets, equipment, material and deposits of KGTK and personally guaranteed by the Director of the Committee. Because the note payable was between KITZ and KGTK, the Committee did not record a discounted liability on their books. The \$100,000 commitment attributable to the Committee's ownership of KITZ was recorded as a purchase commitment in the full amount. The final payment was made in March, 2008.

Based on management's best estimate it was estimated that the value of KITZ/KGTK was zero and recorded a charge to operations of \$190,000 to reflect that activity. The Committee purchased no advertising time on KITZ and KGTK for the year ended December 31, 2025.

Internet Media Web Site

In September, 2004 the Committee acquired 50% of the stock of KeepAndBearArms.com (a profit corporation). The remaining 50% was purchased by an affiliate of the Committee. The Committee's portion of the stock purchase was \$150,000. The purchase agreement required an initial down payment of \$30,000 and a non interest bearing note with payments of \$5,000 a month, for twenty four months. In accordance with Generally Accepted Accounting Principles the note was discounted using the Committee's effective borrowing rate, estimated by management of the Committee as 6%. The original discounted value of the note was \$112,815. The note was paid in full in September, 2006. The portion of the stock acquired through the purchase is carried on the cost basis.

KeepAndBearArms.com hosts content for the Committee on the KeepAndBearArms.com website at no cost to the Committee. Management estimates that the value of the hosted content on the KeepAndBearArms.com website is \$18,000 for 2025.

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

5. Related-Party Transactions:

Certain members of management of the Committee are either principal owners or officers of various affiliated organizations which have transactions with the Committee, and the Committee is a member of the Service Bureau Association, Inc. (a non-profit co-op). These organizations and the Committee conduct their operations in adjacent facilities. These organizations and the cost of services provided, goods received in 2025 are as follows:

	<u>2025</u>
Data processing, accounting and telemarketing:	
Service Bureau Association, Inc. (a non-profit co-op providing services at cost)	\$176,407
Coordination of bid process for printing and mailing; list rental:	
Merrill Associates, (includes pass through payments to other vendors)	\$9,669

During 2025, a family member of an officer received compensation of \$100,000.

6. Commitments:

Leases

The Committee had an agreement to lease, from an officer and director, a portion of an office building located in Bellevue, Washington, for its normal business operations. The Committee, with another nonprofit organization, has the right to acquire the land and related building, at a fair market price, should it be offered for sale in the future. The lease agreement was extended to October, 2008. After October, 2008 the rent was due on a month-to-month basis at the same rental rate of \$4,700 a month, thus making the lease a short-term lease. Effective May 1, 2015 the rent was increased to \$4,950 a month to reflect increased property taxes on the rental property. Effective April 1, 2018 the rent was increased to \$5,050. Effective January 1, 2022 the rent was increased \$5,250. Rental expense paid by the Committee for 2025 under the agreement with the officer was approximately \$31,500 for 2025.

Leases

On July 1, 2025 the officer that owned the property sold the property to a third party. The third party entered into a "Joint Tenant Rental Agreement" ("lease agreement") with the Committee and an affiliated entity. Under the terms of the lease agreement the Committee makes monthly payments of \$5,250 beginning July 1, 2025 until the end of the lease agreement on June 30, 2027. The Committee also paid a rental deposit of \$5,250.

	<u>2025</u>
Operating cash flow for operating leases	\$31,500
Supplements non-cash information:	
Right-of-use assets obtained in exchange for new operating lease liabilities	\$120,154
Weighted-average remaining lease term of operating leases	1.5 years
Weighted-average discount rate of operating leases	2.0%

As of December 31, 2025 future minimum rent payments under non-cancellable operating leases are \$63,000 and \$31,500 for 2026 and 2027, respectively.

Continued

CITIZENS COMMITTEE FOR THE RIGHT TO KEEP AND BEAR ARMS

NOTES TO FINANCIAL STATEMENTS, Continued

6. Commitments, continued:

Leases, Continued:

The Service Bureau Association, Inc. (a non-profit co-op), of which the Committee is a member, had an equipment operating lease that expired in 2022, and was renewed January 1, 2023 to December 31, 2027. The equipment is used for the benefit of the Committee and an affiliate, consequently the Committee has been allocated \$122 of the monthly payment obligation. The lease expense for the period ended December 31, 2025 were approximately \$1,300.

The Committee has agreed to pay a portion of an equipment lease owned by an affiliate. The amount of the expense for that equipment for 2025 was approximately \$2,060. The equipment is used for the benefit of the Committee and an affiliate, consequently the Committee was allocated a portion of the monthly payment obligation.

Total rental expense under these and other noncapitalized operating lease agreements was approximately \$3,373 in 2025.

At December 31, 2025, estimated future minimum annual payments under non-capitalizable operating lease agreements are as follows:

2026	\$3,370
2027	\$2,950

7. Subsequent Events:

The Committee has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 18, 2026, the date that the financial statements were issued. With the exception of the sale of radio stations KSBN and KBNP in 2026, as discussed in the prior footnotes, the Committee is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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