

Launch Alaska
Audited Financial Statements with Supplementary Information
And
Independent Auditor's Report on the Financial Statements
For the Year Ended June 30, 2025

Launch Alaska
Table of Contents

	Page
1) Financial Statements	
Independent Auditor’s Report	2 - 4
Statements of Financial Position	5
Statements of Activities	6
Statement of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to the Financial Statements	10 - 19
2) Supplementary Information	20
Schedule of Expenditures of Federal Awards	21
Notes to the Schedule of Expenditures of Federal Awards	22
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters	23 - 24
Independent Auditor’s Report On Compliance For Each Major Federal Program And on Internal Control Over Compliance	25 - 27
Schedule of Findings and Questioned Costs	28 - 29

Independent Auditor's Report

To the Board of Directors of Launch Alaska

Opinion

We have audited the accompanying financial statements of Launch Alaska (the "Not-for-Profit Organization"), which comprise the Statements of Financial Position as of June 30, 2025 and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related Notes to the Financial Statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its Net Assets and its Cash Flows for the year then ended 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Independent Auditor's Report

To the Board of Directors of Launch Alaska

(Continued from previous page)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with Generally Accepted Auditing Standards and *Government 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with Generally Accepted Auditing Standards in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Independent Auditor's Report

To the Board of Directors of Launch Alaska

(Continued from previous page)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2025, on our consideration of Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.



Noman Tahir, CPA
License: 065.054304
Chicago
State of Illinois
December 15, 2025

Launch Alaska
Statements of Financial Position
As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 464,268	\$ 88,678
Grants receivable	315,663	477,407
Accounts and other receivable	23,694	13,352
Total current assets	<u>803,625</u>	<u>579,437</u>
Non-current assets		
Right of use asset - Operating lease, net	15,260	44,653
Investment in venture capital fund	25,839	24,231
Total non-current assets	<u>41,099</u>	<u>68,884</u>
Total assets	<u>\$ 844,724</u>	<u>\$ 648,321</u>
Liabilities and net assets		
Current liabilities		
Accounts and other payable	\$ 67,952	\$ 282,545
Accrued and other liabilities	150,057	242,141
Deferred revenue	70,266	161,488
Operating lease liability - current maturity	17,775	33,063
Total current liabilities	<u>306,050</u>	<u>719,237</u>
Non-current liabilities		
Operating lease liability	-	17,775
Total non-current liabilities	<u>-</u>	<u>17,775</u>
Total liabilities	<u>306,050</u>	<u>737,012</u>
Net Assets		
Without donor restrictions	538,674	(88,691)
Total net assets / (deficit)	<u>538,674</u>	<u>(88,691)</u>
Total liabilities and net assets	<u>\$ 844,724</u>	<u>\$ 648,321</u>

The accompanying notes are an integral part of these financial statements.

Launch Alaska
Statements of Activities
For the years ended June 30, 2025 and 2024

	Without Donor Restriction	With Donor Restriction	Total 2025	Without Donor Restriction	With Donor Restriction	Total 2024
Revenues, Supports and Gains						
Operating Revenue:						
Grant income	\$ 3,348,152	\$ -	\$ 3,348,152	\$ 2,277,718	\$ -	\$ 2,277,718
Contributions - cost sharing income	100,301	-	100,301	88,238	-	88,238
Total Operating revenues	3,448,453	-	3,448,453	2,365,956	-	2,365,956
Other Supports and Gains:						
Fund Management Income – Carried	779,103	-	779,103	-	-	-
Interest	-	-	-	-	-	-
Services fee from venture capital	54,898	-	54,898	54,872	-	54,872
Donations	51,330	-	51,330	2,866	-	2,866
Consultancy services	7,000	-	7,000	38,922	-	38,922
Other income	20,012	-	20,012	153,604	-	153,604
Net assets released from restrictions	-	-	-	100,000	(100,000)	-
Total Supports and Gains	912,343	-	912,343	350,264	(100,000)	250,264
Total Revenues, Supports and Gains	4,360,796	-	4,360,796	2,716,220	(100,000)	2,616,220
Expenses						
Program services	3,550,154	-	3,550,154	2,535,652	-	2,535,652
Supporting services:						
Management and general	168,094	-	168,094	171,113	-	171,113
Fundraising	15,183	-	15,183	13,249	-	13,249
Total Expenses	3,733,431	-	3,733,431	2,720,014	-	2,720,014
Change in net assets						
Net assets, beginning of year	627,365	-	627,365	(3,794)	(100,000)	(103,794)
Less: Overbilled amount from grantor	(88,691)	-	(88,691)	(42,131)	100,000	57,869
Net assets, end of year	\$ 538,674	\$ -	\$ 538,674	\$ (88,691)	\$ -	\$ (88,691)

The accompanying notes are an integral part of these financial statements.

Launch Alaska
Statement of Functional Expenses
For the year ended June 30, 2025

	Program Services				Support Services			Total
	Accelerator	Deployment	Policy and Advocacy	Program Expenses	Management and General	Fundraising	Supporting Expenses	
Salaries, wages, and other benefits	\$ 1,050,323	\$ 439,200	\$ 89,539	\$ 1,579,062	\$ 29,841	\$ 11,820	\$ 41,661	\$ 1,620,723
Project consultants	139,131	1,259,838	16,699	1,415,668	1,854	-	1,854	1,417,522
Professional services	99,375	101,721	5,152	206,248	99,436	750	100,186	306,434
Contributions - cost sharing expense	-	100,301	-	100,301	-	-	-	100,301
Subawards	-	66,571	-	66,571	-	-	-	66,571
Conferences, seminars and meetings	22,669	12,010	5,830	40,509	7,790	375	8,165	48,674
Rent	20,354	12,341	629	33,324	12,140	-	12,140	45,464
Software and cloud subscriptions	31,158	3,798	194	35,150	3,736	-	3,736	38,886
Travel and entertainment	12,725	19,145	483	32,353	3,318	2,160	5,478	37,831
Office supplies and materials	1,570	14,858	73	16,501	1,410	-	1,410	17,911
Marketing and advertising	7,255	1,212	145	8,612	895	-	895	9,507
Insurance	2,766	2,819	144	5,729	2,772	-	2,772	8,501
Interest	788	803	41	1,632	790	-	790	2,422
Other	4,100	4,181	213	8,494	4,112	78	4,190	12,684
Total Expenses	\$ 1,392,214	\$ 2,038,798	\$ 119,142	\$ 3,550,154	\$ 168,094	\$ 15,183	\$ 183,277	\$ 3,733,431

Launch Alaska
Statement of Functional Expenses
For the year ended June 30, 2024

	Program Services				Support Services			Total
	Accelerator	Deployment	Policy and Advocacy	Program Expenses	Management and General	Fundraising	Supporting Expenses	
Salaries, wages, and other benefits	\$ 1,011,879	\$ 416,404	\$ 2,534	\$ 1,430,817	\$ 99,013	\$ 11,726	\$ 110,739	\$ 1,541,556
Professional services	255,221	486,742	-	741,963	54,431	-	54,431	796,394
Subawards	-	158,790	-	158,790	-	-	-	158,790
Contributions - cost sharing expense	-	88,238	-	88,238	-	-	-	88,238
Conferences, seminars and meetings	19,789	7,956	-	27,745	6,162	994	7,156	34,901
Software and cloud subscriptions	28,054	1,283	-	29,337	2,676	-	2,676	32,013
Travel and entertainment	12,135	5,189	3,094	20,418	1,201	529	1,730	22,148
Rent	17,585	412	-	17,997	860	-	860	18,857
Office supplies and materials	5,481	5,279	-	10,760	1,117	-	1,117	11,877
Insurance	1,229	820	-	2,049	1,711	-	1,711	3,760
Marketing and advertising	2,474	273	-	2,747	571	-	571	3,318
Interest	168	112	-	280	234	-	234	514
Other	3,008	1,503	-	4,511	3,137	-	3,137	7,648
Total Expenses	\$ 1,357,023	\$ 1,173,001	\$ 5,628	\$ 2,535,652	\$ 171,113	\$ 13,249	\$ 184,362	\$ 2,720,014

Launch Alaska
Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities:		
Changes in net assets	\$ 627,365	\$ (103,794)
<u>Adjustments for:</u>		
Operating lease cost	(3,670)	6,185
Overbilled amount from grantor	-	(42,766)
<u>Changes in operating assets and liabilities</u>		
Grants receivable	161,744	(279,501)
Accounts and other receivable	(10,342)	41,400
Due from a related party	-	4,000
Accounts and other payable	(214,593)	226,653
Accrued and other liabilities	(92,084)	50,025
Deferred revenue	(91,222)	68,666
Net cash provided by / (used in) operating activities	<u>377,198</u>	<u>(29,132)</u>
Investing activities:		
Addition to investments in venture capital	(1,608)	(7,811)
Net cash used in investing activities	<u>(1,608)</u>	<u>(7,811)</u>
Net increase / (decrease) in cash and cash equivalents	375,590	(36,943)
Cash and cash equivalents, beginning of year	88,678	125,621
Cash and cash equivalents, end of year	<u>\$ 464,268</u>	<u>\$ 88,678</u>

Note - 1 Nature of Operations

Launch Alaska was incorporated in the State of Alaska on August 26, 2015. Launch Alaska is based in Anchorage, Alaska and is a nonprofit focused on accelerating energy, transportation, and industrial technologies to help build resilient, sustainable communities.

The Organization is working on this goal in the following ways:

1) Accelerator - Tech Deployment Track

Our eight-month deployment accelerator program pairs innovative tech startups with Alaska industry experts, community leaders, and business representatives. Participants identify market fit, forge partnerships, and collaborate with Alaska partners to deploy tech solutions that decrease costs, increase resilience, and support sustainability.

2) Accelerator - Launch Alaska Portfolio

The Organization Portfolio is filled with innovative graduates of our Tech Deployment Track accelerator program and previous 2016-2019 accelerator cohorts. These energy, transportation, and industry-supporting companies work with Alaska partners to pursue project opportunities around the state, from clean energy development to electrified transportation and emissions-reducing industrial solutions. The Organization currently has 41 tech companies in our portfolio.

3) Deployment

The Organization is pioneering a path toward a sustainable future by accelerating the deployment of transformative technologies that lower costs and increase energy, transportation, and industrial sustainability. Our team blends local expertise with strategic partnerships to deliver impactful projects that promote economic diversification and community engagement in the transition to a low-carbon economy.

4) Policy and Advocacy

We want Alaska to play a leadership role in the global energy transition. The Organization is committed to a nonpartisan policy approach that helps accelerate deployment of game-changing climate technologies across energy, transportation, and industrial sectors in Alaska. We collaborate with startup companies who are members of our portfolio, our accelerator program, and our deployment projects, as well as our strong network of subject matter experts, communities, government agencies, utilities, businesses, elected officials, and thought leaders across Alaska, the U.S., and the North.

Note - 2 Summary of Significant Accounting Policies

Basis of accounting

The preparation of these financial statements and accompanying notes in conformity with United States of America Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Net asset classification

The Organization is required to report information regarding the financial position and activities according to two classes of net assets, as defined below:

-Net assets without donor restrictions

These are the resources that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's Board of Directors.

-Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. In the case of temporarily restricted support, when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. Whereas, since perpetual restrictions do not expire, consequently no assets are reclassified. There were no perpetual restrictions as of June 30, 2025 and 2024.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and cash in hand. It also includes short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Grants receivable

Grants receivable are recognized when conditions related to the entitlement have been substantially met and collection is reasonably assured. They are presented net of an allowance for credit losses, which is established based on management's assessment of collectability and historical experience. The Organization regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed.

Accounts and other receivable

Accounts receivable are initially recognized by an amount that reflects the consideration that the Organization expects to receive in exchange for services with subsequent reduction for an allowance for credit losses.

Allowance for credit losses

The Organization maintains an allowance for credit losses for grants receivable and accounts and other receivable, which is recorded as an offset to grants receivable and accounts and other receivable, and changes in allowance for credit losses are recognized in the Statement of Activities. The Organization assesses collectability by reviewing grants receivable and accounts and other receivable on a collective basis. In determining the amount of the allowance for credit losses, we consider historical collectability based on past due status and make judgments about the creditworthiness of the grantors and other receivables based on ongoing credit evaluations. The Organization also considers specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. The management estimates the amount of expected credit losses on grants receivable and accounts and other receivable were not material to the financial statements as of June 30, 2025 and 2024.

Right of use asset - Operating lease, net

Right of use assets are initially measured at cost being the present value of lease payments and initial direct costs, if any. They are subsequently measured at cost less accumulated amortization of right of use (being the difference of lease expense on straight line basis and interest expense) and impairment losses, if any. Lease expense is charged on straight line basis over the lease term.

Investment in venture capital fund

The Organization recognizes investments in venture capital using the measurement alternative method. The measurement alternative method is used when an investment does not qualify for the equity method or an estimated fair value using the net asset value per share. Under the measurement alternative method, investments are recorded at cost, less any impairment and plus or minus any changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. The Organization monitors any events or changes in circumstances that may have had a significant adverse effect on the estimated fair value of these investments and makes any necessary adjustments.

Deferred revenue

Deferred revenue is recognized when amounts are received or billed in advance of earning revenue under grants or contracts. This includes amounts overbilled under grant agreements that exceed allowable costs incurred. Revenue is recognized in the Statement of Activities when the related services are performed or eligible grant expenditures are incurred.

Operating lease liabilities

Operating lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the risk free rate is used. Subsequently, these are increased by interest, reduced by lease payments and remeasured for the lease modifications, if any.

Liabilities in respect of certain short term leases are not recognized and payments against such leases are recognized as expense in Statement of Activities.

Revenues, Supports and Gains:

Grant income

Grants are recognized as revenue when received, and there are no donor-imposed restrictions on the use of the funds. Unconditional grants are recognized when awarded or promised, provided that collection is reasonably assured. Conditional grants are not recognized as revenue until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Revenue is also derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

Contributions - cost sharing income

Cost sharing contribution income are recognized as revenue at fair value when received and are recorded in the same period as the related expenses under federal grant agreements.

Donations

Donations are recognized as income when they are received unconditionally or when an unconditional promise to give is made.

Consultancy services

Revenue from consultancy service contracts is recognized as the related services are performed and the Organization satisfies its performance obligations under each agreement.

Other income

Other income is recognized as income on an accrual basis or when the Organization's right to receive payment is established.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Launch Alaska
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024

Retirement Plan

The Organization sponsors a Simple IRA defined contribution retirement savings plan under Section 408(p) of the Internal Revenue Code that covers substantially all employees who meet the plan’s eligibility requirements. Employees may make elective contributions to the plan, and the Organization makes employer contributions in accordance with the terms of the plan and applicable IRS Simple IRA requirements. Total contributions to the plan, including both employer and employee amounts, were \$143,981 and \$150,306 for the years ended June 30, 2025 and 2024, respectively.

Marketing and advertising

The Organization incurs marketing and advertising costs as they are incurred. Marketing and advertising expenses for the years ended June 30, 2025, and 2024, were \$9,507 and \$3,318, respectively.

Income taxes

The Organization is exempt from income tax under section 501(c)(3) of the United States Internal Revenue Code. Accordingly, no income taxes have been recognized in the financial statements.

Functional allocation of expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain cost that are common to program services, management and general and fundraising are allocated based on the management's determination based on analyzing direct usage, employee time tracking, and program-specific documentation on a percentage basis.

Note 3 - Cash and cash equivalents

	<u>2025</u>	<u>2024</u>
Bank balances	\$ 464,268	\$ 88,678
	<u>\$ 464,268</u>	<u>\$ 88,678</u>

Note 4 - Grants receivable

		<u>2025</u>	<u>2024</u>
Grants receivable	4.1	\$ 315,663	\$ 477,407
		<u>\$ 315,663</u>	<u>\$ 477,407</u>

4.1 - This includes a receivable from the Office of Naval Research amounting to \$172,510 and \$225,246 as of June 30, 2025, and 2024, respectively.

4.2 - As of July 1, 2023, the grants receivable balance was \$197,906.

Launch Alaska
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024

Note 5 - Accounts and other receivable

		<u>2025</u>	<u>2024</u>
Accounts receivable		\$ 7,000	\$ 8,480
Joint venture fee receivable		-	4,872
Other receivable	5.1	16,694	-
		<u>\$ 23,694</u>	<u>\$ 13,352</u>

5.1 - This represents cash-back rewards earned and receivable from the Organization's Capital One and Ramp credit card programs as of June 30, 2025.

5.2 - As of July 1, 2023, the accounts receivable balance was \$29,752.

Note 6 - Right of use asset - Operating lease, net

		<u>2025</u>	<u>2024</u>
Right of use asset		\$ 59,142	\$ 59,142
Accumulated amortization		(43,882)	(14,489)
Right of use asset - Operating lease, net		<u>\$ 15,260</u>	<u>\$ 44,653</u>

Note 7 - Investment in venture capital fund

		<u>2025</u>	<u>2024</u>
Investment in venture capital fund	7.1	\$ 25,839	\$ 24,231
		<u>\$ 25,839</u>	<u>\$ 24,231</u>

7.1 - This represents the Organization's investment in the venture capital fund Earthshot Ventures. As of June 30, 2025, total capital commitments to the fund were \$93,964,646 (General Partner 1.00%, Limited Partners 99.00%). The Organization holds 4.55% of the General Partner's capital commitment. No impairment losses were recognized during the current year.

Note 8 - Accounts and other payable

		<u>2025</u>	<u>2024</u>
Accounts payable		\$ 55,352	\$ 225,982
Credit cards payable		12,600	56,563
		<u>\$ 67,952</u>	<u>\$ 282,545</u>

Note 9 - Accrued and other liabilities

		<u>2025</u>	<u>2024</u>
Accrued payroll		\$ 133,120	\$ 146,708
Payable to department of energy		-	70,202
Other liabilities	9.1	16,937	25,231
		<u>\$ 150,057</u>	<u>\$ 242,141</u>

9.1 - This represents the Individual Retirement Accounts Payable (IRA) as of June 30, 2025 and 2024.

Launch Alaska
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024

Note 10 - Deferred revenue

		<u>2025</u>	<u>2024</u>
Deferred revenue	10.1	\$ 70,266	\$ 161,488
		<u>\$ 70,266</u>	<u>\$ 161,488</u>

10.1 - This includes \$67,000 related to the Innovation Incubator Grant Agreement—the unspent portion of a \$100,000 advance, net of \$33,000 recognized during the year ended June 30, 2025 for eligible costs.

10.2 - As of July 1, 2023, the deferred revenue balance was \$92,822.

Note 11 - Operating lease liability

		<u>2025</u>	<u>2024</u>
Operating lease liability	11.1	\$ 17,775	\$ 50,838
		<u>\$ 17,775</u>	<u>\$ 50,838</u>

Classification in the Statements of Financial Position

	<u>2025</u>	<u>2024</u>
Non-current portion	\$ -	\$ 17,775
Current portion	17,775	33,063
	<u>\$ 17,775</u>	<u>\$ 50,838</u>

11.1 - On January 1, 2024, the Organization has obtained the right to use asset of two fully furnished private exterior offices with locks and use of the common areas within the “The Boardroom” located on the 7th floor at 2550 Denali Street, Anchorage, AK 99503. The lease term is 2 years, whereas the annual risk-free interest rate for lease is 4.33% with variable lease rentals starting from \$1,100 from the month of January 2024. The total lease cost of the operating lease during the year amounts to \$30,970. The remaining lease term is 6 months as of June 30, 2025. A month-to-month lease will be created automatically at the completion of lease term.

Note 12 - Other income

	<u>2025</u>	<u>2024</u>
Cash prize award	\$ -	\$ 150,000
Miscellaneous income	20,012	3,604
	<u>\$ 20,012</u>	<u>\$ 153,604</u>

Note 13 - Related party transactions

	<u>Relationship</u>	<u>2025</u>	<u>2024</u>
Excess loan amount received - Isaac Vanderburg	Chief Executive Officer	\$ -	\$ 4,000

Note 14 - Contingencies and commitments

14.1. Contingencies

The Organization records liability where it can reasonably estimate the amount of the loss and when liability is probable. Where the reasonable estimate of the probable loss is a range, the Organization records as an accrual in the financial statements the most likely estimate of the loss, or the low end of the range if there is no one best estimate. The Organization either discloses the amount of a possible loss or range of loss in excess of established accruals if estimable, or states that such an estimate cannot be made. The Organization discloses significant legal proceedings even where liability is not probable or the amount of the liability is not estimable, or both, if the Organization believes there is at least a reasonable possibility that a loss may be incurred.

The Organization is involved in an ongoing legal matter (Case No. 3AN-23-05164CI) filed by the Alaska Electric Vehicle Association, alleging breach of contract related to sub awardee payments under a U.S. Department of Energy grant. Initially filed in the Superior Court for the State of Alaska, the case was removed to the U.S. District Court and subsequently remanded back to the Superior Court, where it remains pending. The case is set for trial to begin on January 5, 2026. The potential liability is \$14,000 in a worst-case scenario, though management anticipates dismissal or significant reduction.

14.2. Commitments

14.2.1. Lease commitments - Operating lease liability

Operating lease payments committed as of the Statements of Financial Position date are as follows:

	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ 34,640
2026	18,000	18,000
Undiscounted payments	18,000	52,640
Less: Imputed interest	(225)	(1,802)
Discounted payments	<u>\$ 17,775</u>	<u>\$ 50,838</u>

14.2.2. Month-to-Month Lease Rentals:

Effective June 8, 2020, the Organization entered into a month-to-month lease agreement with Fireweed LLC d/b/a Storia Self Storage for storage unit rentals at an initial monthly rate of \$103. The rate increased to \$136 effective October 2, 2024. The lease remains in effect until terminated by either party with appropriate notice, and forms part of the Organization’s ongoing operational commitments.

Apart from the mentioned above, there were no material commitments known as of the date of the Statements of Financial Position.

Launch Alaska
Notes to the Financial Statements
For the years ended June 30, 2025 and 2024

Note 15 - Net Assets

Net assets without donor restrictions were as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 538,674	\$ (88,691)
Total	<u>\$ 538,674</u>	<u>\$ (88,691)</u>

Net assets released from donor restrictions are as follows:

	<u>2025</u>	<u>2024</u>
<u>Satisfaction of purpose restrictions</u>		
- Strategic Award Grant - Support Communities and Climate Tech Startups	\$ -	\$ 100,000
	<u>\$ -</u>	<u>\$ 100,000</u>

Note 16 - Liquidity and availability of resources

Financial assets available for general expenditure as of June 30, 2025 and 2024, which are not subject to donor or other restrictions that would limit their use within one year of the Statements of Financial Position date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 464,268	\$ 88,678
Grants receivable	315,663	477,407
Accounts and other receivable	23,694	13,352
	<u>803,625</u>	<u>579,437</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	-	-
Financial assets available to meet liquidity needs	<u>\$ 803,625</u>	<u>\$ 579,437</u>

Note 17 - Concentration, Credit and Investment Risk

Concentration risk

The Organization receives a significant portion of its revenue from grants, primarily from the Office of Naval Research and the Department of Energy. A substantial reduction in the level of this revenue may have a significant effect on the Organization's financial results. For the years ended June 30, 2025 and 2024, approximately 86% and 97%, respectively, of the Organization's total revenue was derived from these grants.

Credit risk

The financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents, accounts and other receivable and grants receivable. The Organization's cash balances are maintained at a reputed financial institution, and cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, and receivables, which have been adjusted for all known credit losses, are determined to be collectible based on an assessment by management of the facts and circumstances. The Organization believes that these assets are not exposed to any significant credit risk.

Investment risk

Investment securities are exposed to various risks, such as market and credit. Due to the level of uncertainty related to changes in market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the investments reported in the Statements of Financial Position as of June 30, 2025 and 2024.

Note 18 - Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation.

Note 19 - Subsequent events

Subsequent to June 30, 2025, the grant award with Office of Naval Research (ONR), which had been terminated effective April 30, 2025, was reinstated in August 2025 and then terminated a second time in early September 2025. The Organization was reimbursed for all allowable expenses incurred under the award prior to the second termination date. Following the second termination, the Organization elected to withdraw its litigation against ONR and to pursue an alternative, new grant award as a more cost-effective means of supporting the related program activities.

The Organization evaluated all events and transactions that occurred after year-end and through the date of authorization of the financial statements. The Organization determined that other than the above mentioned event, it does not have any material subsequent events to report in the financial statements.

Supplementary Information

Launch Alaska
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Federal Program Title	ALN#	Pass Through Grantor/Contract #	Passed through to Subrecipients	Federal Expenditures	Total Expenditures
Department of Energy					
Office of Energy Efficiency and Renewable Energy – Renewable Energy Research and Development	81.087	DE-EE0010408	\$ 66,571	\$ 1,556,361	\$ 1,556,361
U.S. Department of Defense					
Passed Through Technology and Innovation Development in Alaska Office of Naval Research – Basic and Applied Scientific Research	12.300	N00014-22-1-2844	-	1,392,214	1,392,214
Department of Energy					
Office of Energy Efficiency and Renewable Energy – Department of Energy Research and Development Consolidated Activities	81.010	DE-EE0009608	-	365,317	365,317
Department of Commerce					
Passed through Cook Inlet Tribal Council, Inc. Regional Technology and Innovation Hubs	11.039	ID 1509	-	95,803	95,803
Denali Commission					
Denali Commission Program	90.100	1664-00	-	23,340	23,340
Department of Energy					
Passed through Alaska Energy Authority Conservation Research and Development	81.086	7620002	-	14,017	14,017
Total Expenditures of Federal Awards			<u>\$ 66,571</u>	<u>\$ 3,447,051</u>	<u>\$ 3,447,051</u>

Launch Alaska
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2025

Note - 1 Nature of Operations

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal activity of Launch Alaska under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note - 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10 percent de minimus indirect cost rate, as allowed under the Uniform Guidance.

Note - 3 Indirect Cost Rate

The Organization has elected to use the 10 percent de minimus indirect cost rate, as allowed under the Uniform Guidance for all federal awards except the Office of Naval Research (ONR) award having ALN 12.300. Effective October 1, 2024, the ONR award was charged a 15 percent de minimis indirect cost rate.

Note - 4 Passed Through Awards

The following Federal Award was passed through to subrecipients issued to Launch Alaska:

From: U.S. Department of Energy ALN# 81.087	<u>\$ 66,571</u>
---	------------------

Note - 5 In-Kind Cost Share

The accompanying Schedule of Expenditures of Federal Awards does not include the value of in-kind cost share contributions amounting to \$100,301 received under the federal program named as Alaska Energysched Tech Stack having ALN 81.087 during the year ended June 30, 2025.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS, BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Launch Alaska, (the "Not-for-Profit Organization"), which comprise the Balance Sheet as of June 30, 2025, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended, and the related Notes to the Financial Statements and have issued our report thereon December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



SMART SOLUTIONS CPA
Accounting, Audit and Tax Services

1 E Erie St, STE 525-2419

Chicago, IL 60611

Tel: (+1) 312-313-0350

E-Fax: (+1) 312-277-3901

audit@smartsolutionscpa.com

www.smartsolutionsCPA.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS, BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Noman Tahir, CPA
License: 065.054304
Chicago
State of Illinois
December 15, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Launch Alaska's (the "Not-for-Profit Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Organization's compliance with the requirements of each major federal program as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE (Continued)

Auditor's Responsibilities for the Audit of Compliance (Continued)

In performing an audit in accordance with Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



1 E Erie St, STE 525-2419
Chicago, IL 60611
Tel: (+1) 312-313-0350
E-Fax: (+1) 312-277-3901
audit@smartsolutionscpa.com
www.smartsolutionsCPA.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE (Continued)

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads 'Noman Tahir'.

Noman Tahir, CPA
License: 065.054304
Chicago
State of Illinois
December 15, 2025



Launch Alaska
Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiency identified? No

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiency identified? No

Types of auditors’ report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of Major Federal Programs:

<u>Name of Federal Program:</u>	<u>Assistance Listing</u> <u>Number (s)</u>
Office of Energy Efficiency and Renewable Energy – Renewable Energy	81.087

Dollar threshold used to distinguish between type A and type B Programs: \$ 750,000

Auditee qualified as low-risk auditee? No

Launch Alaska
Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

Section II – Financial Statement Findings

There were no financial statements findings.

Section III – Compliance and Other Matter Findings

There were no compliance and other matter related findings.

Section IV – Federal Award Findings and Questioned Costs

There were no federal award related findings and questioned costs.

Section V – Summary Schedule of Prior Year Findings

2024 – 001 Non-compliance with reporting requirements within a deadline

Condition:

The Organization did not submit the reporting package within the earlier of thirty days after the receipt of the auditor's report, or the nine months after the end of the audit period.

Recommendation:

We recommend that management must comply with reporting requirements and submit the reporting package within the stipulated time frame.

Current Status:

The Organization has implemented enhanced internal controls and reporting mechanisms, including a compliance calendar, internal reminders, and accountability measures, to ensure timely submission of reporting packages under 2 CFR Part 200, Subpart F, Section 200.512.