

**Kodiak Public Broadcasting Corporation  
Audited Financial Statements**

**June 30, 2018 and 2017**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Kodiak Public Broadcasting Corporation  
Valdez, Alaska

We have audited the accompanying financial statements of Kodiak Public Broadcasting Corporation, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Kodiak Public Broadcasting Corporation as of June 30, 2017, were audited by other auditors whose report dated February 12, 2018, expressed an unqualified opinion on those statements.

**Management's Responsibility for the Financial Statements** - Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility** - Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion** - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kodiak Public Broadcasting Corporation, as of June 30, 2018, 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.

*Foster and Company, LLC*

Foster and Company, LLC  
Wasilla, Alaska

February 13, 2019

# KODIAK PUBLIC BROADCASTING CORPORATION

## STATEMENTS OF ACTIVITIES

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Support:		
State and Local Grants	\$ 94,516	\$ 105,029
Corporation for Public Broadcasting Grants	97,493	100,629
Underwriting Contributions	78,633	79,589
In-Kind Contributions	46,456	46,540
Membership Dues	68,406	75,405
Donations	700	-
Fundraising and Gaming	92,928	78,117
Premium Sales	320	714
Other Revenue	1,049	1,100
Investment Return, Net of Fees	23,345	55,351
	<u>503,846</u>	<u>542,474</u>
 Total Net Assets Released from Restrictions	 <u>26,285</u>	 <u>27,115</u>
 Total Revenue and Support	 <u>530,131</u>	 <u>569,589</u>
Expenses		
Programming and Production	218,340	234,430
Technical and Broadcasting	48,170	45,786
Fundraising and Gaming	122,202	140,759
Management and General	167,452	171,537
	<u>556,163</u>	<u>592,512</u>
 Total Expenses	 <u>556,163</u>	 <u>592,512</u>
 Increase/(Decrease) in Unrestricted Net Assets	 <u>(26,032)</u>	 <u>(22,923)</u>
Changes in Temporarily Restricted Net Assets		
Corporation for Public Broadcasting Grants	26,285	27,115
	<u>26,285</u>	<u>27,115</u>
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	(26,285)	(27,115)
	<u>(26,285)</u>	<u>(27,115)</u>
 Increase/(Decrease) in Temporarily Restricted Net Assets	 <u>-</u>	 <u>-</u>
 Changes in Net Assets	 <u>(26,032)</u>	 <u>(22,923)</u>
 Net Assets - Beginning of Year	 <u>928,987</u>	 <u>951,910</u>
 Net Assets - End of Year	 <u><u>\$ 902,955</u></u>	 <u><u>\$ 928,987</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

**KODIAK PUBLIC BROADCASTING CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2018 and 2017

	Program Services		Supporting Services		2018
	Programming and Production	Technical and Broadcasting	Fundraising and Gaming	Management and General	Totals
Salaries and Benefits	\$ 131,312	-	88,172	83,775	\$ 303,259
Program and Network Fees	59,544	-	1,700	-	61,244
Fundraising Expenses	-	-	27,662	1,414	29,076
Accounting and Legal	-	-	-	27,447	27,447
Contract Services	-	674	-	-	674
Utilities	9,184	2,405	2,248	2,092	15,929
Insurance	3,596	800	-	2,947	7,343
Office Expense	591	4,072	1,423	995	7,081
Board Expenses and Training	-	-	-	1,285	1,285
Telephone and Internet	1,450	550	947	4,385	7,332
Travel and Per Diem	45	-	-	3,964	4,009
Repairs and Maintenance	-	6,124	50	3,024	9,198
Dues and Publications	-	-	-	805	805
Production Supplies	552	-	-	-	552
Total Cash Operating Expenses	206,274	14,625	122,202	132,133	475,234
Inkind Donations	-	26,650	-	19,806	46,456
Depreciation	12,066	6,895	-	15,513	34,473
TOTALS	\$ 218,340	48,170	122,202	167,452	\$ 556,163

	Program Services		Supporting Services		2017
	Programming and Production	Technical and Broadcasting	Fundraising and Gaming	Management and General	Totals
Salaries and Benefits	\$ 135,299	-	95,211	88,166	\$ 318,676
Program and Network Fees	69,930	-	-	-	69,930
Fundraising Expenses	-	-	39,897	-	39,897
Accounting and Legal	-	-	-	28,497	28,497
Contract Services	-	1,665	-	-	1,665
Utilities	7,528	3,325	2,442	2,549	15,844
Insurance	3,186	417	-	3,500	7,103
Office Expense	871	3,477	1,263	1,454	7,065
Board Expenses and Training	-	-	-	1,226	1,226
Scholarships	4,750	-	-	-	4,750
Telephone and Internet	587	400	1,946	6,385	9,318
Travel and Per Diem	-	-	-	2,424	2,424
Repairs and Maintenance	-	4,344	-	252	4,596
Dues and Publications	13	-	-	1,005	1,018
Production Supplies	363	118	-	-	481
Total Cash Operating Expenses	222,527	13,746	140,759	135,458	512,490
Inkind Donations	-	25,650	-	20,890	46,540
Depreciation	11,903	6,391	-	15,188	33,482
TOTALS	\$ 234,430	45,787	140,759	171,536	\$ 592,512

See Independent Auditor's Report and Notes to the Financial Statements

# KODIAK PUBLIC BROADCASTING CORPORATION

## STATEMENTS OF CASH FLOWS Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ (26,032)	\$ (22,923)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	34,473	33,482
(Increase) Decrease in operating assets		
Underwriting and Other Receivables	(5,808)	(11,497)
Prepaid Expenses and Other Assets	4,314	2,112
Increase (Decrease) in operating liabilities		
Accounts Payable	2,609	(992)
Accrued Payroll and Other Liabilities	3,380	(2,791)
Deferred Revenue	<u>(16,504)</u>	<u>(735)</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(3,568)</u>	<u>(3,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Marketable Securities, net	6,655	19,649
Investment in SMS-KMXT Joint Venture, net	-	22,902
Acquisition of Property and Equipment	<u>(2,507)</u>	<u>(9,868)</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>4,148</u>	<u>32,683</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	580	29,339
BEGINNING CASH AND CASH EQUIVALENTS	<u>80,425</u>	<u>51,086</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 81,005</u></u>	<u><u>\$ 80,425</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

**KODIAK PUBLIC BROADCASTING CORPORATION**  
**AUDITED FINANCIAL STATEMENTS**  
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**NOTE 1 – NATURE OF OPERATION**

Kodiak Public Broadcasting Corporation (the Organization) owns and operates KMXT-FM Radio, a public broadcasting station. The Organization is a nonprofit corporation based in Kodiak, Alaska. Significant amount of its support comes from the Alaska Public Broadcasting Commission, the Corporation for Public Broadcasting, from membership revenues, and other contributions from businesses and Individuals in the Kodiak region.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Organization is presented to aid in understanding the Organization's financial statements. The financial statements and notes to the financial statements are the representation of the Organization's management, which is responsible for their integrity and objectivity. These accounting principles conform to generally accepted accounting principles.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation** – The Organization has adopted FASB ASC 958-205 "*Not-for-Profit Entities: Presentation of Financial Statements*". Under FASB ASC 958-205 information regarding the Corporation's financial position and activities is reported according to classes of net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Kodiak Public Broadcasting Corporation and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations on the use of the assets that will be met either by actions of Kodiak Public Broadcasting Corporation and /or the passage of time.

**Use of Estimates** – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

**Revenue and Support** – In accordance with FASB ASC 958-065, *Not-for-Profit Entities: Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restriction. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net released from restrictions.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

Kodiak Public Broadcasting Corporation engages in periodic fund-raising campaigns manifested by offering some special radio programs and on-air and mail fundraising appeals. These appeals encourage support, both from individuals and organizations, to provide financial contributions to Kodiak Public Broadcasting Corporation for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give, and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. All member pledges receivable are promises to give within one year. Contributions and collected pledges are unrestricted as to their usage if not limited to specific activities of Kodiak Public Broadcasting Corporation. This usage is consistent with appeals for contributions and pledges.

**Donated Materials and Services** – Donated materials and services meeting the criteria of FASB ASC 958-205 *“Not-for-Profit Entities: Presentation of Financial Statements”* are recorded at their estimated fair value as of the date of the contribution. The amount of the contribution is presented as both support and expense in the accompanying financial statements. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. If the fair value of contributed materials, supplies, facilities, services, and property cannot be reasonably determined, they are not recorded. Donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, program activities and special events. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchased by the Organization if not provided by donation.

**Functional Allocation of Expenses** – The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated between the program and supporting services based on the benefits received.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, The Organization considers all demand deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents. In accordance with State of Alaska law, gaming income is deposited into a separate account and held until used for an approved purpose.



**KODIAK PUBLIC BROADCASTING CORPORATION**  
**AUDITED FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

**Underwriting and Other Receivables** – Accounts receivable consist primarily of amounts due from underwriting proceeds. Accounts receivable are stated at unpaid balances, less any allowance for doubtful accounts. The Organization provides for losses on account receivable using allowance method. The allowance is based on experience, third party contracts, and other circumstances, which may affect the ability of clients to meet their obligations. It is the Organization's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. Management believes all receivables are collectible; therefore, no allowance was established.

**Investments** – Investments in debt securities and equity securities with readily determinable fair values are carried at fair value. The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other a forced liquidation sale.

Investments in entity where the Organization can exercise control or influence is accounted for using the equity method of accounting. Income earned from the investment is reported on the Organization's income statement, and the reported value on the balance sheet is based on the Organization's share of the entity.

**Income Taxes** – Kodiak Public Broadcasting Corporation is organized exclusively for charitable and educational purposes within the meaning of Internal Revenue Code Section 501(c)(3). The Organization has been determined by the Internal Revenue Service not to be a private foundation with the meaning of Section 509(a) of the Code. Although the Organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Organization's Forms 990, *Return of Organization Exempt from Income Tax* and 990T *Exempt Organization Business Income Tax Returns*, for the years ended 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

**Support Revenue and Promises to Give** – Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Property and Equipment** – Property and equipment with expected useful lives in excess of one year are recorded at cost or, in the case of donated property, at estimated fair value. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual asset, which range from 3 to 40 years. The Organization has no capitalization policy.

# KODIAK PUBLIC BROADCASTING CORPORATION

## AUDITED FINANCIAL STATEMENTS

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### NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

**Program and Production** – Includes the personnel and direct production costs related to public broadcast programming.

**Broadcasting and Technical** – Includes the direct costs for maintenance, support and replacement of the facility and equipment used for public broadcasting.

**Administration** – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the General Manager; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

**Fundraising** – Provides the structure necessary to encourage and secure private financial support.

### NOTE 4 – CASH

The Organization maintains funds in several accounts at two banks. The funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account holder. The funds did not exceed the \$250,000 deposit insurance coverage at either institution at June 30, 2018 and 2017.

### NOTE 5 – INVESTMENTS IN MARKETABLE SECURITIES

The Company's investments, none of which are held for trading purposes, are presented in the financial statements at fair market value. Realized and unrealized gains or losses are reported as unrestricted gains or losses in the statement of activities. Investments, and investment returns for the year ended consist of the following:

Year Ended June 30, 2018				
	Cost	Unrealized		Market Value
		Gain	Loss	
Cash	\$ 4,105	\$ -	\$ -	\$ 4,105
Stocks	238,575	46,251	-	284,826
Mutual Funds	150,156	-	(8,188)	141,968
	<u>\$ 392,836</u>	<u>\$ 46,251</u>	<u>\$ (8,188)</u>	<u>\$ 430,899</u>

Year Ended June 30, 2017				
	Cost	Unrealized		Market Value
		Gain	Loss	
Cash	\$ 1,230	\$ -	\$ -	\$ 1,230
Stocks	263,683	49,739	-	313,422
Mutual Funds	127,680	-	(4,777)	122,903
	<u>\$ 392,593</u>	<u>\$ 49,739</u>	<u>\$ (4,777)</u>	<u>\$ 437,555</u>

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**NOTE 5 – INVESTMENTS IN MARKETABLE SECURITIES, *continued***

	Year Ended June 30,	
	2018	2017
Interest and Dividends Income	\$ 13,564	\$ 27,303
Unrealized Investment Gain/(Loss)	14,152	32,559
Investment Fees	(4,371)	(4,511)
Investment Income (Loss)	<u>\$ 23,345</u>	<u>\$ 55,351</u>

**NOTE 6 – INVESTMENT IN JOINT VENTURE**

The Company has an investment in KMXT-CHARR General Partnership, a pull-tab joint venture with SMS-KMXT CHART. The partnership is operated in Kodiak, Alaska. The investment in the partnership is accounted for using the equity method. Investment in the joint venture consists of the following:

	Year Ended June 30,	
	2018	2017
Investment in Joint Venture	\$ (741)	\$ 22,161
Income (Loss) from Joint Venture	-	43,526
Capital Contribution (Distribution)	-	(66,428)
Investment in Joint Venture – End of Year	<u>\$ (741)</u>	<u>\$ (741)</u>

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consisted of the following:

	2018	2017
Studio Broadcasting Equipment	\$ 677,058	\$ 677,058
Land	60,000	60,000
Building and Improvements	500,919	500,919
Earth Stations and Towers	126,035	126,035
Office Furnishing and Equipment	143,474	140,967
	<u>1,507,486</u>	<u>1,504,979</u>
Less accumulated depreciation	<u>(1,141,427)</u>	<u>(1,106,954)</u>
	<u>\$ 366,059</u>	<u>\$ 398,025</u>

Depreciation expense totaled \$34,473 and \$33,482 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 8 – ACCRUED EXPENSES**

Accrued expenses consist primarily of accrued payroll expenses not yet paid as of June 30, 2018 and 2017.

**NOTE 9 – DEFERRED REVENUE**

The Organization records underwriting revenue for which the station has not fulfilled their portion of the underwriting agreement as deferred revenue. Deferred revenue was \$9,231 and \$25,735 at June 30, 2018 and 2017, respectively.

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**NOTE 10 – DONATED SERVICES**

In-kind contributions include a variety of donated services received throughout the year. In-kind contributions are primarily associated with the Organization's broadcasting and transmission activities. The largest contribution of in-kind services is provided by Alaska Public Broadcasting, Inc. (APBI) for satellite service fees, administrative services, training and other operational costs.

The fair value of donated services included as support in the financial statements and the corresponding expenses for the year ended June 30, 2018 and 2017 was as follows:

	2018		2017
Engineering and Technical Services	\$ 26,650	\$	25,650
Administrative Support	19,806		20,890
	<u>\$ 46,456</u>	\$	<u>46,540</u>

**NOTE 11 – SIGNIFICANT GRANT AWARDS**

Corporation for Public Broadcasting

The Corporation for Public Broadcasting (CPB) is a private, nonprofit organization, and is the largest single source of funding for public radio, television, and related online and mobile services. CPB provides essential operational support for nearly 1,400 locally-owned and operated public television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities.

CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public services. Each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. The Organization uses these funds for purposes relating primarily to production and acquisition of programming and other operating activities. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

CSGs are reported on the accompanying financial as unrestricted and temporarily restricted operating funds. Certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting and licensee status with the Federal Communications Commission.

For the years ended June 30, 2018 and 2017, CPB CSG grant was \$123,778 with \$26,286 temporarily restricted and \$127,744 with \$27,115 temporarily restricted, respectively. These funds were fully expended during the year ended.

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**NOTE 11 – SIGNIFICANT GRANT AWARDS, *continued***

*State of Alaska*

The State of Alaska, through the Alaska Public Broadcasting Commission, provided grant awards totaling \$80,016 and \$80,906 for the years ending June 30, 2018 and 2017, respectively. These awards were unrestricted funds that were fully expended during the year ended June 30, 2018 and 2017.

The Organization also received in-kind support from the State of Alaska through the Alaska Public Broadcasting Commission, Alaska Public Broadcasting Inc., and the Satellite interconnection Project. The amount of the in-kind support for the years ending June 30, 2018 and 2017 was \$46,456 and \$55,351, respectively.

*Local*

The Organization received a total of \$22,123 and \$23,100 in grants from the Borough and City of Kodiak for the years ending June 30, 2017 and 2016, respectively. The awards were unrestricted and fully expended during the year ended.

**NOTE 12 – COMMITMENTS and CONTINGENCIES**

Kodiak Public Broadcasting Corporation receives grants that are subject to audit and adjustment by the grantor agencies. Any expenditure disallowed as a result of such an audit and for which grant monies had been expended would become a liability of the Organization. Management has determined this possibility is remote.

The Organizations grantors require the fulfillment of certain conditions as set forth in funding agreements and by law and regulation. Failure to fulfill these conditions can result in the return of the funds to the grantors. Also, amounts reflected in financial statements and expenses in prior periods have generally not been audited by grantor agencies. Accordingly, adjustments of amounts received could result if the awards were audited by such agencies. Management believes the material provisions of the grant awards have been accommodated and that no significant liability will result from the foregoing matters. Except for the amount included in Accrued Expenses, no liabilities for amounts which may be payable have been recorded in the accompanying financial statements.

National Public Radio, Inc. (NPR) operates the Public Radio Satellite System on behalf of all interconnected public radio stations and other public telecommunications entities. Excess capacity is leased to commercial entities. NPR reports this activity on its own tax returns. The IRS has declined to rule that reporting by NPR is appropriate and not separate reporting by various 362 public radio and telecommunications entities. Kodiak Public Broadcasting Corporation does not include any Public Radio Satellite System information in its tax returns.

Figures from the investment in joint venture (KMXT-CHARR General Partnership) are stated based on the entity's unaudited financial statements. The partnership year end is December 31 and are audited yearly. Accordingly, adjustments of amount stated on the financial statements could result upon completion of the audit. As of the date of issuance of these financial statements, management is not aware of any adjustment that need to be made to the Investment in Joint Venture account.

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**NOTE 12 – COMMITMENTS and CONTINGENCIES, *continued***

In November 2015, the Organization brought a declaratory action against City of Kodiak after the city refused to comply with Public Records Act. The Organization prevailed, and the court entered a judgement granting the relief Kodiak Public Broadcasting Corporation requested. On December 25, 2016, the court awarded the Organization fees and costs in the amount of \$24,827.50. The City of Kodiak has appealed to the Alaska Supreme Court, however, there is no indication as to the possible outcome of the appeal as of the release of the financial statements. Due to the incertitude on the outcome of the appeal on the decision as of date of the release of the financial statements, no recording has been made in the financial statements.

**NOTE 13 – GAMING ACTIVITY**

The Organization operates a pull-tab gaming activity in support of its exempt purpose. Prize payouts are generally paid in cash out of gross gaming receipts and the net amount realized is recognized in the accompanying statements of activity as gaming revenue.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 13, 2019, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.