

**Kodiak Public Broadcasting Corporation
Audited Financial Statements**

For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kodiak Public Broadcasting Corporation
Kodiak, Alaska

Opinion - We have audited the accompanying financial statements of the Kodiak Public Broadcasting Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kodiak Public Broadcasting Corporation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion - We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kodiak Public Broadcasting Corporation 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 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 Kodiak Public Broadcasting Corporation'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 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.

Board of Directors
Kodiak Public Broadcasting Corporation

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kodiak Public Broadcasting Corporation'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 Kodiak Public Broadcasting Corporation'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.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

January 24, 2023

KODIAK PUBLIC BROADCASTING CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 338,267	\$ 558,941
Underwriting and Other Receivables, net	13,477	13,476
Prepaid Expenses	9,258	7,662
Total Current Assets	361,002	580,079
Investment in Marketable Securities	596,677	507,880
Investment in Joint Venture	(741)	(741)
Beneficial Interest in Alaska Community Foundation	101,711	42,470
Property and Equipment, net	281,567	288,639
TOTAL ASSETS	1,340,216	1,418,327
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	5,143	4,666
Accrued Payroll and Related Liabilities	29,860	27,147
Deferred Revenue	71,599	251,635
Total Current Liabilities	106,602	283,448
TOTAL LIABILITIES	106,602	283,448
NET ASSETS		
Net Assets without Donor Restriction		
Undesignated	854,561	806,409
Net Investment in Property and Equipment	281,567	288,639
Net Assets with Donor Restriction	97,486	39,831
TOTAL NET ASSETS	1,233,614	1,134,879
TOTAL LIABILITIES AND NET ASSETS	\$ 1,340,216	\$ 1,418,327

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

KODIAK PUBLIC BROADCASTING CORPORATION**STATEMENTS OF ACTIVITIES**

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and Support without Donor Restrictions:		
State and Local Grants	\$ 108,273	\$ 57,598
Corporation for Public Broadcasting Grants	134,598	100,356
CARES Act	172,566	167,540
Underwriting Contributions	85,726	66,066
In-Kind Contributions	13,819	32,992
Membership Dues	114,295	110,467
Donations	20,100	-
Fundraising and Gaming	193,980	95,035
Premium Sales	1,035	907
Other Revenue	1,150	1,150
PPP Advances	-	70,835
Investment Return, Net of Fees	<u>(116,234)</u>	<u>117,367</u>
Total Revenue and Support without Donor Restrictions	<u>729,308</u>	<u>820,313</u>
Expenses		
Programming and Production	183,023	166,451
Technical and Broadcasting	82,545	86,924
Fundraising and Gaming	89,935	159,786
Management and General	<u>275,070</u>	<u>228,824</u>
Total Expenses	<u>630,573</u>	<u>641,985</u>
Changes in Net Assets	98,735	178,328
Net Assets - Beginning of Year, as previously stated	1,134,879	922,261
Prior-Period Adjustment	<u>-</u>	<u>34,290</u>
Net Assets - Beginning of Year, as previously stated	<u>1,134,879</u>	<u>956,551</u>
Net Assets - End of Year	<u><u>\$ 1,233,614</u></u>	<u><u>\$ 1,134,879</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, 2022 and 2021

	Program Services		Supporting Services		2022 Totals
	Programming and Production	Technical and Broadcasting	Fundraising and Gaming	Management and General	
Salaries and Benefits	\$ 112,427	62,399	71,818	146,896	\$ 393,540
Program and Network Fees	26,104	701	-	27,123	53,928
Fundraising Expenses	-	750	17,675	100	18,525
Accounting and Legal	-	2,340	-	27,790	30,130
Contract Services	2,895	1,300	-	2,400	6,595
Utilities	3,889	3,600	-	15,944	23,433
Insurance	7,662	-	20	5,403	13,085
Office Expense	12,944	-	422	4,268	17,634
Board Expenses and Training	150	-	-	625	775
Telephone and Internet	1,352	-	-	11,060	12,412
Repairs and Maintenance	2,250	3,621	-	6,880	12,751
Dues and Publications	-	-	-	1,046	1,046
Production Supplies	1,795	-	-	-	1,795
Total Cash Operating Expenses	<u>171,468</u>	<u>74,711</u>	<u>89,935</u>	<u>249,535</u>	<u>585,649</u>
Inkind Donations	-	1,819	-	12,000	13,819
Bad Debt	1,028	-	-	-	1,028
Depreciation	10,527	6,015	-	13,535	30,077
TOTALS	\$ <u>183,023</u>	<u>82,545</u>	<u>89,935</u>	<u>275,070</u>	\$ <u>630,573</u>

	Program Services		Supporting Services		2021 Totals
	Programming and Production	Technical and Broadcasting	Fundraising and Gaming	Management and General	
Salaries and Benefits	\$ 81,774	42,686	138,439	113,832	\$ 376,731
Program and Network Fees	69,212	-	-	-	69,212
Fundraising Expenses	-	-	20,407	100	20,507
Accounting and Legal	-	275	-	27,505	27,780
Contract Services	-	1,254	-	-	1,254
Utilities	4,251	5,598	600	5,064	15,513
Insurance	-	-	-	6,317	6,317
Office Expense	-	124	340	9,995	10,459
Board Expenses and Training	-	-	-	2,071	2,071
Telephone and Internet	-	1,614	-	10,798	12,412
Travel and Per Diem	-	-	-	25,747	25,747
Repairs and Maintenance	305	8,004	-	920	9,229
Dues and Publications	44	-	-	863	907
Production Supplies	277	327	-	-	604
Total Cash Operating Expenses	<u>155,863</u>	<u>59,882</u>	<u>159,786</u>	<u>203,212</u>	<u>578,743</u>
Inkind Donations	-	20,992	-	12,000	32,992
Depreciation	10,588	6,050	-	13,612	30,250
TOTALS	\$ <u>166,451</u>	<u>86,924</u>	<u>159,786</u>	<u>228,824</u>	\$ <u>641,985</u>

KODIAK PUBLIC BROADCASTING CORPORATION**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 98,735	\$ 178,328
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	30,077	30,250
(Increase) Decrease in operating assets		
Underwriting and Other Receivables	(1)	4,738
Prepaid Expenses and Other Assets	(1,596)	(4,713)
Beneficial Interest in Alaska Community Foundation	(59,241)	(8,180)
Increase (Decrease) in operating liabilities		
Accounts Payable	477	521
Accrued Payroll and Other Liabilities	2,713	3,697
Deferred Revenue	(180,036)	237,653
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(108,872)</u>	<u>442,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Marketable Securities, net	(88,797)	(103,521)
Acquisition of Property and Equipment	(23,005)	(3,250)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(111,802)</u>	<u>(106,771)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(220,674)	335,523
BEGINNING CASH AND CASH EQUIVALENTS	<u>558,941</u>	<u>223,418</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 338,267</u></u>	<u><u>\$ 558,941</u></u>

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

KODIAK PUBLIC BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

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. A 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.

Financial Statement Presentation – The Organization's accounting records are maintained on the accrual basis of accounting under which revenues are recognized when earned and expenses when incurred.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets 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 the Organization's management and the 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

KODIAK PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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

Revenue and Support – 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 the Organization. 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. 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.

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.

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 accounts receivable using the 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.

See Independent Auditor's Report

KODIAK PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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

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 than a forced liquidation sale.

Investments in entities 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 within 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.

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 decreases of 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 life of the individual asset, which range from 3 to 40 years. The Organization has no capitalization policy.

Functional Allocation of Expenses – The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square footage
Office and board expense	Time and effort
Travel	Time and effort
Other	Time and effort

See Independent Auditor's Report

KODIAK PUBLIC BROADCASTING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022 and 2021

NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

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

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

Management and General – 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 and Gaming – 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. At June 30, 2022 and 2021, \$21,000 and \$258,676, respectively, exceeded the \$250,000 deposit insurance coverage.

NOTE 5 – INVESTMENTS IN MARKETABLE SECURITIES

The Organization’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 net assets without donor restrictions in the statements of activities.

Investments, and investment returns for the year ended consist of the following:

	Year Ended June 30, 2022		
	Cost	Unrealized Gain/Loss	Market Value
Cash	\$ 11,517	\$ -	\$ 11,517
Stocks and Mutual Funds	715,511	130,351	585,160
	\$ 727,028	\$ 130,351	\$ 596,677

	Year Ended June 30, 2021		
	Cost	Unrealized Gain/Loss	Market Value
Cash	\$ 6,606	\$ -	\$ 6,606
Stocks and Mutual Funds	498,422	2,852	501,274
	\$ 505,028	\$ 2,852	\$ 507,880

See Independent Auditor’s Report

KODIAK PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

NOTE 6 – INVESTMENT IN JOINT VENTURE

The Company has an investment in KMXT-CHARR General Partnership, a pull-tab joint venture with SMS-KMXT CHARR. The partnership is operated in Kodiak, Alaska. The investment in the partnership is accounted for using the equity method. Investment in the joint venture was \$(741) and June 30, 2022 and 2021.

NOTE 7 – BENEFICIAL INTEREST

The Organization has a beneficial interest in funds held at the Alaska Community Foundation. The investments are guided by the Foundation's investment policy for monitoring, operating and administering gifts dedicated to the benefit of the Organization. The investment balances were \$101,711 and \$42,470 at June 30, 2022 and 2021, respectively. There was a prior-period adjustment related to this note. See Note 17.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

		2022		2021
Studio Broadcasting Equipment	\$	716,089	\$	693,084
Land		60,000		60,000
Building and Improvements		500,919		500,919
Earth Stations and Towers		126,035		126,035
Office Furnishing and Equipment		144,756		144,756
		1,541,799		1,524,794
Less accumulated depreciation		(1,266,232)		(1,236,155)
	\$	281,567	\$	288,639

Depreciation expense totaled \$30,077 and \$30,250 for the years ended June 30, 2022 and 2021, respectively. Additionally,

NOTE 9 – UNDERWRITING AND ACCOUNTS RECEIVABLE

Underwriting and accounts receivable at June 30, 2022 and 2021, were \$13,477 and \$13,476, respectively, and included an allowance for bad debt of \$14,012 and \$8,862, respectively.

NOTE 10 – 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 \$71,599 and \$251,635 at June 30, 2022 and 2021, respectively. There was a prior-period adjustment related to this note. See Note 17.

KODIAK PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022 and 2021

NOTE 11 – AVAILABILITY AND LIQUIDITY

The following represents the Center’s financial assets at June 30:

Financial assets at year-end:	2022	2021
Cash and cash equivalents	\$ 338,267	\$ 558,941
Underwriting and other receivables, net	13,477	13,476
Investments in marketable securities	596,677	507,880
Financial assets available to meet general expenditures over the next twelve months	\$ 948,421	\$ 645,991

NOTE 12 – 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 was as follows:

	2022	2021
Engineering and Technical Services	\$ 1,819	\$ 20,992
Professional Fees	12,000	12,000
	\$ 13,819	\$ 32,992

NOTE 13 – 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 statements as unrestricted and 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.

See Independent Auditor’s Report

KODIAK PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

NOTE 14 – 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 Organization's 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 its financial statements are audited yearly. Accordingly, adjustments of amounts stated on these financial statements could result upon completion of the KMXT-CHARR General Partnership audit. As of the date of issuance of these financial statements, management is not aware of any adjustment that needs to be made to the Investment in Joint Venture account.

NOTE 15 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

During FY21 and FY20, the Organization received Paycheck Protection Program (PPP) loans of \$70,835 and \$66,498, respectively, from the Small Business Administration. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has used the proceeds for purposes consistent with the PPP. This loan was forgiven during FY22.

KODIAK PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

NOTE 16 – 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 activities as gaming revenue.

NOTE 17 – PRIOR-PERIOD ADJUSTMENT

During FY22, management determined that an account with the Alaska Community Foundation was to their beneficial interest and should be shown as an asset on the Statement of Financial Position. Accordingly, an adjustment of \$34,290 was made to the net assets beginning balance of FY21. Adjustments were also made to the Statement of Financial Position and Statement of Activities for FY21 to record the balances and activity of the account.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2023, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally accepted accounting principles.