

COASTALASKA, INC., AND MEMBER STATIONS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Years Ended
June 30, 2024 and 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

COASTALASKA, INC., AND MEMBER STATIONS

FINANCIAL STATEMENTS

Years Ended
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CoastAlaska, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CoastAlaska, Inc. (CoastAlaska or the Organization), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years 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, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Activity by Member for the years ended June 30, 2024 and 2023 appearing on pages 19-24 is presented for purposes 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

October 25, 2024

COASTALASKA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS:		
Current Assets:		
Cash	\$ 1,247,103	\$ 1,900,784
Accounts receivable, net	200,335	189,404
Contributions receivable, net	206,630	219,414
Prepaid expenses	51,844	16,406
Total Current Assets	1,705,912	2,326,008
Investments	1,983,649	1,777,941
Property and Equipment, net	128,235	141,210
Total Assets	\$ 3,817,796	\$ 4,245,159
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 198,706	\$ 323,026
Accrued leave	169,505	142,242
Deferred revenue	13,306	47,971
Refundable advance	830,048	1,029,189
Rental deposits	700	700
Total Current Liabilities	1,212,265	1,543,128
Total Liabilities	1,212,265	1,543,128
Net Assets -		
Without Donor Restrictions:		
Undesignated - available for operations	2,225,033	2,321,046
Designated - future station use	252,263	239,775
Designated - invested in property and equipment	128,235	141,210
Total Net Assets	2,605,531	2,702,031
Total Liabilities and Net Assets	\$ 3,817,796	\$ 4,245,159

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

COASTALASKA, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

	2024	2023
Changes in Net Assets Without Donor Restrictions:		
REVENUES AND SUPPORT:		
Contributions of cash and other financial assets	\$ 55,374	\$ 134,871
Contributions of nonfinancial assets	54,567	64,012
Membership	1,113,924	1,081,976
Government and CPB operating grants	1,856,325	1,558,362
Underwriting revenue	577,704	655,867
Special events and other income	134,030	172,860
Rental revenue	151,403	119,895
Consulting revenue	186,978	182,235
Engineering fees	77,977	119,524
Statewide programming	307,927	299,526
Station services fees	25,765	22,847
Production revenue	41,520	32,764
Other operating grants	246,025	288,506
TOTAL REVENUES AND SUPPORT	4,829,519	4,733,245
EXPENSES:		
PROGRAM SERVICES:		
Programming and production	2,276,725	1,878,273
Technical	931,529	1,016,095
Total program services	3,208,254	2,894,368
SUPPORTING SERVICES:		
General and administrative	1,460,143	1,514,139
Fundraising and member development	488,503	705,460
Total supporting services	1,948,646	2,219,599
TOTAL EXPENSES	5,156,900	5,113,967
Changes in Net Assets Without Donor Restrictions from Operating Activities	(327,381)	(380,722)
Changes in Net Assets Without Donor Restrictions from Non-Operating Activities:		
Interest and investment income	230,881	167,618
Changes in Net Assets Without Donor Restrictions	(96,500)	(213,104)
NET ASSETS, Beginning of Year	2,702,031	2,915,135
NET ASSETS, End of Year	\$ 2,605,531	\$ 2,702,031

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

COASTALASKA, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash inflows from operations:		
Cash received from grants	\$ 1,903,209	\$ 1,249,428
Cash received from membership	1,182,082	1,207,866
Cash received from underwriting	532,108	733,024
Cash received from other sources	925,600	949,651
Cash received from investment income	51,135	54,340
Cash outflows for operations:		
Payments for salaries, benefits and payroll taxes to employees	(3,351,646)	(3,255,523)
Payments to suppliers	(1,860,212)	(1,807,523)
Net cash used for operating activities	(617,724)	(868,737)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(25,962)	(41,791)
Purchase and construction of buildings and equipment	(9,995)	(13,023)
Net cash used for investing activities	(35,957)	(54,814)
Net change in cash	(653,681)	(923,551)
Cash, beginning of year	1,900,784	2,824,335
Cash, end of year	\$ 1,247,103	\$ 1,900,784

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

COASTALASKA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services			Supporting Services		Total Program and Supporting Services Expenses 2024
	Programming and Production	Technical	Total	General and Administrative	Fundraising and Member Development	
DIRECT EXPENSES:						
Salaries and related expenses	\$ 1,487,790	\$ 452,919	\$ 1,940,709	\$ 1,123,048	\$ 315,152	\$ 3,378,909
Acquisitions expense	472,012	-	472,012	-	-	472,012
Occupancy	154,992	47,184	202,176	116,996	32,832	352,004
Professional fees	30,947	82,557	113,504	98,844	20,594	232,942
Transmission expense	-	173,008	173,008	-	-	173,008
Other expenses	14	-	14	68,638	72,529	141,181
Supplies and equipment	5,184	116,169	121,353	1,988	-	123,341
Travel and transportation	16,951	19,223	36,174	15,459	3,226	54,859
Rental and maintenance of equipment	-	40,469	40,469	1,589	-	42,058
Dues and subscriptions	-	-	-	18,846	-	18,846
Postage and shipping	-	-	-	9,135	9,288	18,423
Special events	-	-	-	-	18,220	18,220
Advertising	-	-	-	-	16,662	16,662
Total direct expenses	2,167,890	931,529	3,099,419	1,454,543	488,503	5,042,465
Assets Capitalized by Stations, Net of Deletions	108,835	-	108,835	5,600	-	114,435
Total expenses	<u>\$ 2,276,725</u>	<u>\$ 931,529</u>	<u>\$ 3,208,254</u>	<u>\$ 1,460,143</u>	<u>\$ 488,503</u>	<u>\$ 5,156,900</u>

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

COASTALASKA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services			Supporting Services		Total Program and Supporting Services Expenses
	Programming and Production	Technical	Total	General and Administrative	Fundraising and Member Development	2023
DIRECT EXPENSES:						
Salaries and related expenses	\$ 1,203,973	\$ 452,049	\$ 1,656,022	\$ 1,159,872	\$ 415,980	\$ 3,231,874
Acquisitions expense	469,413	-	469,413	-	-	469,413
Occupancy	140,343	52,694	193,037	135,203	48,490	376,730
Professional fees	33,462	98,221	131,683	72,162	41,219	245,064
Other expenses	-	-	-	78,860	125,340	204,200
Transmission expense	-	197,338	197,338	-	-	197,338
Supplies and equipment	7,523	108,275	115,798	25,055	-	140,853
Travel and transportation	23,559	38,023	61,582	18,918	6,470	86,970
Rental and maintenance of equipment	-	56,703	56,703	38	-	56,741
Special events	-	-	-	-	44,636	44,636
Postage and shipping	-	-	-	10,376	9,256	19,632
Advertising	-	-	-	-	14,069	14,069
Dues and subscriptions	-	-	-	13,655	-	13,655
Total direct expenses	1,878,273	1,003,303	2,881,576	1,514,139	705,460	5,101,175
Assets Capitalized by Stations, Net of Deletions	-	12,792	12,792	-	-	12,792
Total expenses	<u>\$ 1,878,273</u>	<u>\$ 1,016,095</u>	<u>\$ 2,894,368</u>	<u>\$ 1,514,139</u>	<u>\$ 705,460</u>	<u>\$ 5,113,967</u>

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

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

On July 1, 1998 five non-profit Alaska corporations, which operate five noncommercial public radio stations and one noncommercial public television station in Southeast Alaska, formed CoastAlaska, Inc. (CoastAlaska or the Organization), a not-for-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

CoastAlaska program services, as presented in the Statements of Functional Expenses, are as follows:

Programming and Production

CoastAlaska stations and regional services provide quality non-commercial news and locally valued programming. CoastAlaska programming features local voices, fact-based journalism, community service and emergency alerting.

Technical Services

CoastAlaska technical products are radio broadcast signals, as well as digital content on the web. CoastAlaska stations produce eight FM broadcast services.

Basis of Accounting

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

Basis of Presentation

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 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 statement of activities.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Organization also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

Contributions of Cash and Other Financial Assets

The Organization may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

conditional contributions, the Organization recognizes revenue only after the conditions are substantially met. Should the Organization substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions.

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Organization. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Organization's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Organization from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Grant receivables are recorded for unreimbursed expenses incurred for the purposes specified by the awarding agency. Funding received in advance of incurring allowable expenses are recorded as a refundable advance.

Underwriting Revenue

Revenue from program underwriting is recognized when the Organization satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

Rental Revenue, Special Events and Other Income

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals are recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Consulting Revenue, Engineering Fees, Station Service Fees, and Statewide Programming

Revenue from consulting, engineering fees, station service fees, and statewide programming are recorded when earned. Revenue is recognized at a point in time as the performance obligation of the consulting services, engineering services, station services, and statewide programming performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for consulting services, engineering fees, station service fees, and statewide programming are reported as deferred revenue in the statements of financial position. Management evaluates receivables from consulting revenue, engineering fees, station service fees, and statewide programming for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Production Revenue

Revenue from television and studio production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for production revenue are reported as deferred revenue in the statements of financial position. Management evaluates receivables from production revenue for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair market value. Accordingly, CoastAlaska accounts for its marketable equity securities, money market funds, government and agency securities, corporate bonds, and mutual funds at fair value. Investments include stocks and mutual funds holding debt securities. Investments also include money market funds that are designated for unspecified reserves. Unrealized gains and losses are included in the change in net assets. Information about the fair value of investments and the unrealized gains and losses is discussed in Note 6 and Note 7.

Fair Value Measurements

CoastAlaska reports its investments in accordance with FASB ASC 820 *Fair Value Measurement and Disclosure*. FASB ASC 820 provides a framework for measuring fair value and requires that an entity determine fair value based on exit price from the principal market for the asset or liability being measured.

Property and Equipment

Property and equipment of the Member Stations continues to be recorded in the financial statements of the respective members. Expenditures incurred by CoastAlaska for repairs and maintenance of the Member Stations' property and equipment are charged to operating expense as incurred. Expenditures incurred by CoastAlaska on behalf of the Member Stations for property and equipment acquisitions, major renewals and betterments are recorded as contributions to the Member Stations as incurred. According to the terms and conditions of the National Telecommunications and Information Administration grants, which were received in years prior to 1995, the federal government retains a priority reversionary interest for ten years

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

in equipment purchased with grant proceeds. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, CoastAlaska considers all cash in checking, savings, and money market accounts, excluding those classified as investments, to be cash.

Income Taxes

CoastAlaska is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. The Organization applied for and received a group exemption to include all Member Stations and the Legacy Foundation as subordinates under its tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to CoastAlaska's tax-exempt purpose is subject to taxation as unrelated business income. There was no required provision for income taxes for fiscal years ended June 30, 2024 and 2023. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing CoastAlaska's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses for program services are segregated from management and general expenses. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Occupancy costs are allocated to function based on each function's proportionate share of total salaries and related expenses.

Accounts Receivable

Accounts receivable consist of various trade receivables. Accounts receivable include invoiced amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts. The Organization determines the allowance for doubtful accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The allowance was \$2,580 and \$2,580 at June 30, 2024 and 2023, respectively.

Contributions Receivable

Contributions receivable are recorded at their estimated net realizable value at the time the associated pledge was made. CoastAlaska had contributions receivable of \$206,630 and \$219,414 at June 30, 2024 and 2023, respectively. CoastAlaska writes off uncollected pledges in excess of 180 days and management feels it is not necessary to record allowances for pledges less than 180 days.

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued a new accounting standard with an upcoming implementation date. The following standard is required to be implemented in a coming financial reporting period. Management has not fully evaluated the potential effects of this statement:

ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements* – Effective for fiscal year 2025, the amendments in this update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions.

Subsequent Events

CoastAlaska's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures without donor or other restriction limiting their use, within one year of June 30, 2024:

Financial assets, at year-end*

Cash	\$ 1,247,103
Accounts receivable, net	200,335
Contributions receivable, net	206,630
Investments	1,983,649

Less those unavailable for general expenditures within one year, due to -

Board designations -

Designated for future station use	<u>(252,320)</u>
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Financial assets available to meet cash needs for general expenditures within one year \$ 3,385,397

*Total assets, less nonfinancial assets (Property and equipment, net; Prepaid expenses)

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>
Transmission	\$ 19,212	\$ 27,299
Advertising	11,006	10,170
Occupancy	10,451	10,525
Supplies and equipment	7,822	7,117
Travel and transportation	4,277	3,879
Other	1,799	3,907
Professional services	-	1,115
	<u>\$ 54,567</u>	<u>\$ 64,012</u>

The Organization recognized contributions of nonfinancial assets within revenue, including transmission, advertising, occupancy, supplies and equipment, travel and transportation, other services, and professional services. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Transmission consists of translator space, DSL and IPL address, and internet services. The Organization estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar services.

Advertising consists of media sponsorships provided by local organizations on behalf of the Organization. The Organization estimated fair value on the basis of values that would be received for selling advertising to clients.

Occupancy consists of utilities provided by a local government to support the Organization's activities, space for board meetings, and storage space. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Supplies and equipment is composed of miscellaneous items such as coffee, catered food, office supplies, bottled water service, weekly trivia prizes, paper, and donated broadcast equipment. The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products.

Travel and transportation consists of travel and lodging provided by various organizations. The Organization estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

Other services consist of a chamber of commerce membership, and airfreight provided to support the Organization. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Professional services are sports broadcasting services, and janitorial services and supplies that are used to support program activities. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment in total for CoastAlaska at June 30, 2024 and 2023 are summarized below:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 347,402	\$ 347,402
Broadcasting, production and programming equipment	460,131	450,136
Office fixtures and equipment	22,135	22,135
Land	9,000	9,000
	<u>838,668</u>	<u>828,673</u>
Less accumulated depreciation	<u>(710,433)</u>	<u>(687,463)</u>
Total Property and Equipment, net	<u>\$ 128,235</u>	<u>\$ 141,210</u>

Depreciation expense was \$22,970 and \$25,764 for CoastAlaska for the fiscal years ending June 30, 2024 and 2023, respectively, and is included in other expenses on the statements of functional expenses.

NOTE 5 – OPERATING LEASES

Operating leases arise from the leasing of CoastAlaska’s tower space to customers. Initial lease terms are for 5 years. Rental income from these leases for the years ended June 30, 2024 and 2023 was \$26,447 and \$23,232, respectively, and is included in rental revenue on the statements of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2024:

Year Ending June 30,	
2025	\$ 13,128
2026	-
2027	-
2028	-
2029	-
Thereafter	-
	<u>\$ 13,128</u>

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – INVESTMENTS

The following schedule summarizes investments stated at fair value as of June 30:

	<u>2024</u>	<u>2023</u>
Equity Securities	\$ 1,064,623	\$ 944,947
Money Market Funds	448,800	406,438
Government and Agency Securities	99,293	74,808
Corporate Bonds	199,502	197,385
Mutual Funds	<u>171,431</u>	<u>154,363</u>
Total	<u>\$ 1,983,649</u>	<u>\$ 1,777,941</u>

Net investment income (loss) consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 48,635	\$ 56,840
Realized gains (loss)	152,282	(86,283)
Management fees	2,500	(2,500)
Unrealized gains (loss)	<u>27,464</u>	<u>199,561</u>
Total	<u>\$ 230,881</u>	<u>\$ 167,618</u>

NOTE 7 – FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. FASB ASC 820 also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets as liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

Fair values of assets measured on a recurring basis at June 30, 2024 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 1,064,623	\$ 1,064,623	\$ -	\$ -
Money Market Funds	448,800	448,800	-	-
Mutual Funds	99,293	99,293	-	-
Corporate Bonds	199,502	199,502	-	-
Government and Agency Securities	<u>171,431</u>	<u>171,431</u>	-	-
Total	<u>\$ 1,983,649</u>	<u>\$ 1,983,649</u>	<u>\$ -</u>	<u>\$ -</u>

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 944,947	\$ 944,947	\$ -	\$ -
Money Market Funds	406,438	406,438	-	-
Mutual Funds	154,363	154,363	-	-
Corporate Bonds	197,385	197,385	-	-
Government and Agency Securities	74,808	74,808	-	-
Total	<u>\$ 1,777,941</u>	<u>\$ 1,777,941</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 – REFUNDABLE ADVANCES

CoastAlaska receives various operating and capital grants that contain certain conditions from the awarding agencies. Funds received in advance of the conditions being met are recorded as refundable advances and are subsequently recognized as grant revenue when donor conditions are met. Refundable advances consisted of \$830,048 and \$1,029,189 of operating grants as of June 30, 2024 and 2023, respectively.

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATED

CoastAlaska has received donations from supporters of KCAW totaling \$252,320 and \$239,775 as of June 30, 2024 and 2023, respectively, that the Board of Directors has set as designated for future use by KCAW station management through the setup of a legacy foundation at a future date to be determined.

NOTE 10 – RETIREMENT BENEFITS EXPENSE

On January 1, 1999, CoastAlaska became the plan sponsor for a retirement plan designed under the provisions of section 403(b) of the Internal Revenue Code. CoastAlaska's contribution to the plan is a discretionary amount of 4% of each employee's salary in both 2024 and 2023. There is no required employer matching contribution. The contribution is paid as accrued.

Plan participants employed prior to January 1, 2009 are 100% vested in all salary deferral and employer discretionary contributions upon entering the plan. Effective on January 1, 2009, new employees are eligible for employer discretionary contributions after one-year of service. Once eligible, employer discretionary contributions, if any, are fully vested.

Retirement benefits expense was \$70,712 and \$74,989 for fiscal 2024 and 2023, respectively.

NOTE 11 – CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts of Member Stations may be subject to additional audits by government agencies or their representatives. Certain grant amounts of Member Stations reflected in the financial statements of CoastAlaska have not been audited by

COASTALASKA, INC.

NOTES TO THE FINANCIAL STATEMENTS

the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

Excess Cash Balances

CoastAlaska has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). CoastAlaska has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

COASTALASKA, INC.
SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER
Year Ended June 30, 2024

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
SUPPORT AND REVENUE:							
Membership Revenue	\$ 271,246	\$ 142,236	\$ 119,370	\$ 47,291	\$ 490,211	\$ 43,570	\$ 1,113,924
Contributions of Cash and Financial Assets	19,360	900	155	33,334	225	1,400	55,374
Contributions of Nonfinancial Assets	5,275	10,754	17,568	-	2,006	18,964	54,567
Underwriting Revenue	84,040	75,053	86,107	47,909	249,188	35,407	577,704
Interest and Investment Loss	-	-	-	-	-	230,881	230,881
Engineering Fees	-	-	-	-	-	77,977	77,977
Statewide Programming	-	-	-	-	-	307,927	307,927
Production Income	-	-	-	34,400	-	7,120	41,520
Miscellaneous Income	-	1	138	-	16	16,234	16,389
Rental Income	38,400	59,506	5,450	21,600	-	26,447	151,403
Sales Income	25,319	200	3,859	1,370	30	405	31,183
Fee for Accounting	-	-	-	-	-	186,978	186,978
Station Services Fees	-	-	-	-	-	25,765	25,765
CPB Grants	159,660	282,103	230,214	408,625	343,236	219,487	1,643,325
Capital Grants	200,000	13,000	-	-	-	-	213,000
Other Operating Grants	2,796	40,898	4,694	155,171	31,500	10,966	246,025
Fundraising Revenues:							
Special Events	5,135	2,486	-	9,400	-	820	17,841
Auction	-	-	150	-	-	12,249	12,399
Gaming	-	-	48,223	615	-	7,380	56,218
Total Support and Revenue	<u>811,231</u>	<u>627,137</u>	<u>515,928</u>	<u>759,715</u>	<u>1,116,412</u>	<u>1,229,977</u>	<u>5,060,400</u>
EXPENSES:							
PROGRAMMING EXPENSES:							
Salary and Related Expenses	272,919	194,038	184,752	389,794	258,369	187,918	1,487,790
Contract Labor - Programming	100	2,063	-	2,084	19,400	300	23,947
Production Costs	256	200	120	1,149	73	240	2,038
Prog/Prod Travel	8,815	1,783	394	1,692	-	4,267	16,951
Music Library	1,253	317	-	1,309	2,305	-	5,184
Audience Survey	-	-	-	-	7,000	-	7,000
Affiliation Fees	5,100	4,800	4,500	3,750	5,275	2,735	26,160
Program Acquisitions	16,820	19,649	12,435	8,128	61,804	314,593	433,429
News Services	-	-	-	-	6,331	-	6,331
Outreach	-	14	-	-	-	-	14
In-kind - Programming	1,275	533	996	-	1,250	-	4,054
Total Programming Expenses	<u>306,538</u>	<u>223,397</u>	<u>203,197</u>	<u>407,906</u>	<u>361,807</u>	<u>510,053</u>	<u>2,012,898</u>

(continued)

See Independent Auditor's Report.

COASTALASKA, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER

Year Ended June 30, 2024

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
TECHNICAL EXPENSES:							
Salary and Related Expenses	-	-	-	-	-	452,919	452,919
Transmission Charges	11,315	11,234	10,419	-	11,315	11,315	55,598
Contract Labor	500	500	500	500	55,817	24,740	82,557
Engineering Supplies	159	23	59	466	-	3,127	3,834
Tech/Broadcast Travel	1,377	-	-	2,966	3,589	11,291	19,223
Translators' Expenses	(261)	9,000	18,606	-	183	2,058	29,586
Computer Hardware / Software	6,477	1,017	1,135	5,095	21,387	31,697	66,808
Internet Services	4,664	5,568	4,982	14,801	38,315	9,698	78,028
Broadcast Equipment Purchase	10,346	860	2,325	3,334	29,197	3,299	49,361
Broadcast Equipment Maintenance	3,589	2,041	14,651	200	12,453	3,701	36,635
In-kind - Technical	1,000	4,020	4,020	-	756	-	9,796
Total Technical Expenses	39,166	34,263	56,697	27,362	173,012	553,845	884,345
DEVELOPMENT EXPENSES:							
Salary and Related Expenses	74,537	83,274	-	9,116	-	148,225	315,152
Premiums	6,509	5,111	-	11,249	6,250	-	29,119
Contract Labor	883	600	-	-	19,111	-	20,594
Advertising	299	-	294	-	-	1,218	1,811
Development Travel	-	-	-	-	2,654	572	3,226
Printing	2,284	1,162	827	504	4,149	362	9,288
Special Events	56	474	11,433	5,427	86	744	18,220
Retail Inventory	-	-	2,518	-	-	611	3,129
Credit Card Fees	-	-	-	-	-	32,957	32,957
Volunteers	39	-	-	497	865	489	1,890
Bulk Mail Postage	1,031	479	744	183	2,639	358	5,434
In-kind - Development	-	5,733	8,326	-	-	792	14,851
Total Development Expenses	85,638	96,833	24,142	26,976	35,754	186,328	455,671
OCCUPANCY EXPENSES:							
Rent	-	-	-	-	96,908	35,535	132,443
Building Maintenance	6,105	8,613	2,777	-	551	638	18,684
Automotive	-	-	-	905	-	-	905
Janitorial Supplies	177	240	576	3,000	-	291	4,284
Telephone	5,856	3,817	4,215	7,656	-	2,965	24,509
Utilities	32,268	11,675	17,684	26,030	-	1,693	89,350
Insurance	14,818	6,610	8,598	2,823	-	27,701	60,550
In-kind - Occupancy	3,000	-	107	-	-	18,172	21,279
Total Occupancy Expenses	62,224	30,955	33,957	40,414	97,459	86,995	352,004

(continued)

See Independent Auditor's Report.

COASTALASKA, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER

Year Ended June 30, 2024

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
ADMINISTRATIVE EXPENSES:							
Salary and Related Expenses	37,292	125,644	73,771	110,824	140,936	634,581	1,123,048
Office Supplies	954	572	1,832	653	374	826	5,211
Administrative Travel	152	404	392	4,224	56	10,231	15,459
Administrative Staff Training	-	-	-	-	4,014	-	4,014
Postage	1,998	1,455	756	1,258	1,218	2,450	9,135
Dues & Subscriptions	4,525	802	882	1,015	414	11,208	18,846
Office Equipment Rental	-	-	-	-	-	1,589	1,589
Office Equipment Purchase	(4,155)	-	34	-	-	898	(3,223)
Contract Labor	(100)	-	-	-	10,500	20,500	30,900
Board/Admin	7,866	929	30	1,273	19,151	-	29,249
Audit	-	-	-	-	-	32,266	32,266
Legal Fees	2,728	-	-	708	-	1,680	5,116
Taxes	687	-	-	-	-	2,345	3,032
Bank and Investment Consult Fees	46	247	231	86	699	24,666	25,975
Depreciation Expense	-	-	-	-	-	22,970	22,970
Other	-	-	1,900	-	471	7,002	9,373
In-kind - Admin	-	468	4,119	-	-	-	4,587
Administrative Expenses before CoastAlaska Support	51,993	130,521	83,947	120,041	177,833	773,212	1,337,547
CoastAlaska Support	184,329	125,032	116,153	142,404	272,908	(840,826)	-
Total Administrative Expenses	236,322	255,553	200,100	262,445	450,741	(67,614)	1,337,547
Total Expenses	729,888	641,001	518,093	765,103	1,118,773	1,269,607	5,042,465
Revenue (Deficit) in Excess of Expenses before Capital Items	81,343	(13,864)	(2,165)	(5,388)	(2,361)	(39,630)	17,935
CAPITAL ITEMS -							
Assets Capitalized by Stations, Net of Deletions	(103,337)	(5,498)	(5,600)	-	-	-	(114,435)
Change in Net Assets	<u>\$ (21,994)</u>	<u>\$ (19,362)</u>	<u>\$ (7,765)</u>	<u>\$ (5,388)</u>	<u>\$ (2,361)</u>	<u>\$ (39,630)</u>	<u>\$ (96,500)</u>

See Independent Auditor's Report.

COASTALASKA, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER

Year Ended June 30, 2023

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
SUPPORT AND REVENUE:							
Membership Revenue	\$ 260,711	\$ 133,604	\$ 139,550	\$ 50,890	\$ 457,505	\$ 39,716	\$ 1,081,976
Contributions of Cash and Financial Assets	55,911	18,546	8,705	15,376	36,000	333	134,871
Contributions of Nonfinancial Assets	-	6,755	15,188	-	2,180	39,889	64,012
Underwriting Revenue	83,042	81,525	88,160	53,930	286,043	63,167	655,867
Interest and Investment Income	-	-	-	-	-	167,618	167,618
Engineering Fees	-	-	-	-	-	119,524	119,524
Statewide Programming	-	-	-	-	-	299,526	299,526
Production Income	-	6,674	-	18,300	-	7,772	32,746
Royalties	-	-	-	-	18	-	18
Miscellaneous Income	-	7,762	-	-	1,920	(95)	9,587
Rental Income	41,600	39,773	5,850	8,200	1,240	23,232	119,895
Sales Income	23,278	530	1,770	1,708	-	1,305	28,591
Fee for Accounting	-	-	-	-	-	182,235	182,235
Station Service Fees	-	-	-	-	-	22,847	22,847
CPB Grants	416,085	187,563	207,498	374,714	200,777	171,725	1,558,362
Other Operating Grants	10,460	39,904	26,739	163,903	47,500	-	288,506
Fundraising Revenues:							
Special Events	27,110	8,326	2,172	7,320	361	3,531	48,820
Auction	-	-	5,295	3,300	-	13,741	22,336
Gaming	-	-	57,866	-	-	5,660	63,526
Total Support and Revenue	<u>918,197</u>	<u>530,962</u>	<u>558,793</u>	<u>697,641</u>	<u>1,033,544</u>	<u>1,161,726</u>	<u>4,900,863</u>
EXPENSES:							
PROGRAMMING EXPENSES:							
Salary and Related Expenses	259,941	141,330	180,199	305,887	143,291	173,325	1,203,973
Media Stock	459	-	-	21	-	-	480
Contract Labor - Programming	300	320	505	1,243	23,814	280	26,462
Production Costs	472	-	120	145	682	264	1,683
Prog/Prod Travel	3,687	1,787	424	15,488	1,512	661	23,559
Music Library	1,740	286	-	976	998	101	4,101
Audience Survey	-	-	-	-	7,000	-	7,000
Affiliation Fees	3,750	3,975	3,750	3,850	4,000	2,225	21,550
Program Acquisitions	14,921	13,965	9,393	618	40,910	357,148	436,955
News Services	-	-	-	-	7,482	-	7,482
Studio Maintenance	1,898	273	-	-	771	-	2,942
In-kind - Programming	-	-	792	-	916	35	1,743
Total Programming Expenses	<u>287,168</u>	<u>161,936</u>	<u>195,183</u>	<u>328,228</u>	<u>231,376</u>	<u>534,039</u>	<u>1,737,930</u>

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See Independent Auditor's Report.

COASTALASKA, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER

Year Ended June 30, 2023

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
TECHNICAL EXPENSES:							
Salary and Related Expenses	-	-	-	-	-	452,049	452,049
Transmission Charges	11,315	9,728	9,553	8,445	11,315	11,315	61,671
Contract Labor	36,713	125	-	2,370	28,981	30,032	98,221
Engineering Supplies	4,875	101	103	1,385	-	5,069	11,533
Tech/Broadcast Travel	12,356	-	1,671	3,576	1,060	19,360	38,023
Translators' Expenses	4,166	9,776	21,838	-	-	1,301	37,081
Computer Hardware / Software	3,940	240	1,179	3,593	21,666	30,862	61,480
Internet Services	4,659	5,308	4,855	22,615	29,876	8,735	76,048
Broadcast Equipment Purchase	24,613	5,235	719	2,369	7,436	6,423	46,795
Broadcast Equipment Maintenance	2,387	1,650	2,499	1,188	29,941	7,505	45,170
In-kind - Technical	-	2,400	880	-	358	18,900	22,538
Total Technical Expenses	105,024	34,563	43,297	45,541	130,633	591,551	950,609
DEVELOPMENT EXPENSES:							
Salary and Related Expenses	80,634	64,516	55,383	-	91,868	123,579	415,980
Premiums	12,141	5,368	1,011	12,352	4,069	-	34,941
Contract Labor	11,434	-	-	300	29,485	-	41,219
Advertising	478	-	78	4	-	1,244	1,804
Development Travel	825	-	39	-	4,346	1,260	6,470
Printing	3,689	134	1,324	46	2,391	1,672	9,256
Special Events	19,802	2,969	20,460	738	-	667	44,636
Retail Inventory	51,666	462	-	-	-	-	52,128
Credit Card Fees	-	-	-	-	-	32,286	32,286
Volunteers	1,348	-	105	142	300	101	1,996
Bulk Mail Postage	1,444	155	296	82	1,844	168	3,989
In-kind - Development	-	2,095	8,674	-	906	590	12,265
Total Development Expenses	183,461	75,699	87,370	13,664	135,209	161,567	656,970
OCCUPANCY EXPENSES:							
Rent	-	-	-	19,872	112,313	26,353	158,538
Building Maintenance	2,692	14,908	1,130	87	-	234	19,051
Automotive	-	-	-	422	-	-	422
Janitorial Supplies	895	-	39	3,000	-	147	4,081
Telephone	6,895	4,126	4,445	7,158	-	6,031	28,655
Utilities	38,081	17,211	20,943	32,161	-	4,363	112,759
Insurance	14,087	10,825	2,622	250	-	7,817	35,601
In-kind - Occupancy	-	1,080	304	-	-	16,239	17,623
Total Occupancy Expenses	62,650	48,150	29,483	62,950	112,313	61,184	376,730

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See Independent Auditor's Report.

COASTALASKA, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITY BY MEMBER

Year Ended June 30, 2023

	SITKA KCAW-FM	PETERSBURG KFSK-FM	KETCHIKAN KRBD-FM	UNALASKA KUCB-FM	JUNEAU KTOO-FM	COASTALASKA KSTK-FM	Total
ADMINISTRATIVE EXPENSES:							
Salary and Related Expenses	94,150	99,377	78,317	97,308	143,368	647,352	1,159,872
Office Supplies	1,715	1,003	406	1,333	299	1,976	6,732
Administrative Travel	3,082	3,422	261	6,930	401	4,822	18,918
Administrative Staff Training	-	-	-	-	5,620	-	5,620
Postage	2,482	716	615	1,425	1,715	3,423	10,376
Dues & Subscriptions	4,342	620	807	1,510	853	5,523	13,655
Office Equipment Rental	-	-	38	-	-	-	38
Office Equipment Purchase	959	(127)	159	-	17,029	303	18,323
Contract Labor	-	-	-	-	1,750	12,500	14,250
Board/Admin	2,790	4,109	1,261	1,236	19,659	11,252	40,307
Audit	-	-	-	-	-	24,594	24,594
Legal Fees	(254)	-	-	2,124	599	1,602	4,071
Taxes	3,655	-	-	-	-	2,372	6,027
Bank and Investment Consult Fees	966	266	292	81	886	16,913	19,404
Depreciation Expense	-	-	-	-	-	25,764	25,764
Other	1,142	-	-	-	-	-	1,142
In-kind - Admin	-	1,180	4,538	-	-	4,125	9,843
Administrative Expenses before CoastAlaska Support	115,029	110,566	86,694	111,947	192,179	762,521	1,378,936
CoastAlaska Support	176,585	122,799	125,014	139,220	231,964	(795,582)	-
Total Administrative Expenses	291,614	233,365	211,708	251,167	424,143	(33,061)	1,378,936
Total Expenses	929,917	553,713	567,041	701,550	1,033,674	1,315,280	5,101,175
Revenue (Deficit) in Excess of Expenses before Capital Items	(11,720)	(22,751)	(8,248)	(3,909)	(130)	(153,554)	(200,312)
CAPITAL ITEMS -							
Assets Capitalized by Stations, Net of Deletions	(12,792)	-	-	-	-	-	(12,792)
Change in Net Assets	<u>\$ (24,512)</u>	<u>\$ (22,751)</u>	<u>\$ (8,248)</u>	<u>\$ (3,909)</u>	<u>\$ (130)</u>	<u>\$ (153,554)</u>	<u>\$ (213,104)</u>

See Independent Auditor's Report.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Raven Radio Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raven Radio Foundation, Inc. (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years 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 Raven Radio Foundation, Inc. as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2024 and 2023, appearing on pages 19-24, is presented for purposes 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

October 25, 2024

RAVEN RADIO FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2024 and 2023

	2024	2023
ASSETS -		
Property and Equipment, net	\$ 893,353	\$ 824,736
Total Assets	\$ 893,353	\$ 824,736
LIABILITIES AND NET ASSETS -		
Net Assets -		
Without Donor Restrictions	\$ 893,353	\$ 824,736
Total Liabilities and Net Assets	\$ 893,353	\$ 824,736

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

RAVEN RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Public Support, Revenue and Other Gains:		
Support from CoastAlaska for		
equipment repairs and replacements	\$ 103,337	\$ 12,792
Contributions of cash and other financial assets	19,360	55,911
Contributions of nonfinancial assets	5,275	-
Membership	271,246	260,711
Government and CPB operating grants	359,660	416,085
Underwriting income	84,040	83,042
Rental, special events and other income	68,854	91,988
Other operating grants	2,796	10,460
Total Public Support, Revenue and Other Gains	<u>914,568</u>	<u>930,989</u>
Administrative Expenses:		
Pass-through funding to CoastAlaska	811,231	918,197
Depreciation	34,720	36,165
Total Administrative Expenses	<u>845,951</u>	<u>954,362</u>
Change in Net Assets Without Donor Restrictions	68,617	(23,373)
Net Assets, Beginning of Year	<u>824,736</u>	<u>848,109</u>
Net Assets, End of Year	<u>\$ 893,353</u>	<u>\$ 824,736</u>

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

RAVEN RADIO FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of the Change in Net Assets Without Donor Restrictions To Net Cash Provided By Operating Activities		
Change in Net Assets Without Donor Restrictions	\$ 68,617	\$ (23,373)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation	<u>34,720</u>	<u>36,165</u>
Net Cash Provided By Operating Activities	<u>103,337</u>	<u>12,792</u>
Cash Flows From Investing Activities -		
Cash paid for fixed assets and capital improvements, net	<u>(103,337)</u>	<u>(12,792)</u>
Net Cash Used For Investing Activities	<u>(103,337)</u>	<u>(12,792)</u>
Net Change In Cash	-	-
Cash at Beginning of Year	<u>-</u>	<u>-</u>
Cash at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

RAVEN RADIO FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and CoastAlaska, Inc.

Raven Radio Foundation, Inc. (the Corporation) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KCAW-FM in Sitka, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

RAVEN RADIO FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation 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 may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation'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 Corporation 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 statement of activities.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

Contributions of Cash and Other Financial Assets

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

RAVEN RADIO FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

Underwriting Income

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

Rental, Special Events and Other Income

Revenue from rented building space, special events, and merchandise sales are recorded when earned. Revenue from rentals are recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

RAVEN RADIO FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Royalties and Production Income

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2024 and 2023. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

RAVEN RADIO FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued a new accounting standard with an upcoming implementation date. The following standard is required to be implemented in a coming financial reporting period. Management has not fully evaluated the potential effects of this statement:

ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements* – Effective for fiscal year 2025, the amendments in this update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions.

Subsequent Events

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2024	2023
Transmission	\$ 3,000	\$ -
Travel and transportation	1,275	-
Supplies and equipment	1,000	-
	<u>\$ 5,275</u>	<u>\$ -</u>

The Corporation recognized contributions of nonfinancial assets within revenue, including transmission, travel and transportation, and supplies and equipment. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Transmission consists of internet services to support the Corporation's technical activities. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Travel and transportation consists of travel and lodging provided by various organizations. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

Supplies and equipment consists of donated broadcast equipment. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to similar equipment.

RAVEN RADIO FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2024 and 2023 are summarized below:

	2024	2023
Land	\$ 497,312	\$ 497,312
Building and improvements	837,965	837,965
Broadcasting, production and programming equipment	503,216	497,765
Office fixtures and equipment	10,538	10,538
Work in progress	97,886	-
	1,946,917	1,843,580
Less accumulated depreciation	(1,053,564)	(1,018,844)
	\$ 893,353	\$ 824,736

Depreciation expense was \$34,720 and \$36,165 for fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 4 – OPERATING LEASES

Operating leases arise from the leasing of the Corporation's building space to customers. Lease terms range between 1 and 5 years. Rental income from these leases for the years ended June 30, 2024 and 2023 was \$38,400 and \$41,600, respectively, and is included in rental, special events and other income in the statements of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2024:

Year Ending June 30,	
2025	\$ 37,000
2026	30,000
2027	25,000
2028	-
2029	-
Thereafter	-
	\$ 92,000

NOTE 5 – CONTINGENCIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation

RAVEN RADIO FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Narrows Broadcasting Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Narrows Broadcasting Corporation (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years 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 Narrows Broadcasting Corporation as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2024 and 2023, appearing on pages 19-24, is presented for purposes 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

October 25, 2024

NARROWS BROADCASTING CORPORATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS -		
Property and Equipment, net	\$ 207,943	\$ 224,495
Total Assets	<u>\$ 207,943</u>	<u>\$ 224,495</u>
LIABILITIES AND NET ASSETS -		
Net Assets -		
Without Donor Restrictions	\$ 207,943	\$ 224,495
Total Liabilities and Net Assets	<u>\$ 207,943</u>	<u>\$ 224,495</u>

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

NARROWS BROADCASTING CORPORATION

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS:		
Public Support, Revenue and Other Gains:		
Support from CoastAlaska for		
equipment repairs and replacements	\$ 5,498	\$ -
Contributions of cash and other financial assets	900	18,546
Contributions of nonfinancial assets	10,754	6,755
Membership	142,236	133,604
Government and CPB operating grants	295,103	187,563
Underwriting income	75,053	81,525
Rental, special events and other income	62,193	56,391
Royalties and production income	-	6,674
Other operating grants	40,898	39,904
Total Public Support, Revenue and Other Gains	<u>632,635</u>	<u>530,962</u>
Administrative Expenses:		
Pass-through funding to CoastAlaska	627,137	530,962
Depreciation	22,050	23,176
Total Administrative Expenses	<u>649,187</u>	<u>554,138</u>
Change in Net Assets Without Donor Restrictions	(16,552)	(23,176)
Net Assets, Beginning of Year	<u>224,495</u>	<u>247,671</u>
Net Assets, End of Year	<u><u>\$ 207,943</u></u>	<u><u>\$ 224,495</u></u>

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

NARROWS BROADCASTING CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of the Change in Net Assets Without Donor Restrictions To Net Cash Provided By Operating Activities		
Change in Net Assets Without Donor Restrictions	\$ (16,552)	\$ (23,176)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation	<u>22,050</u>	<u>23,176</u>
Net Cash Provided by Operating Activities	<u>5,498</u>	<u>-</u>
Cash Flows From Investing Activities -		
Cash paid for fixed assets and capital improvements, net	<u>(5,498)</u>	<u>-</u>
Net Cash Used For Investing Activities	<u>(5,498)</u>	<u>-</u>
Net Change In Cash	-	-
Cash at Beginning of Year	<u>-</u>	<u>-</u>
Cash at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and CoastAlaska, Inc.

Narrows Broadcasting Corporation (the Corporation) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KFSK-FM in Petersburg, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation 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 may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation'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 Corporation 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 statement of activities.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

Contributions of Cash and Other Financial Assets

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Underwriting Income

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Unearned underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

Rental, Special Events and Other Income

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Unearned revenues are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Royalties and Production Income

Revenue from royalties and television production is recognized at a point in time as the performance obligation is performed for the amount of the contract and is recorded when earned. Unearned revenues are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from four to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2024 and 2023. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued a new accounting standard with an upcoming implementation date. The following standard is required to be implemented in a coming financial reporting period. Management has not fully evaluated the potential effects of this statement:

ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements* – Effective for fiscal year 2025, the amendments in this update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions.

Subsequent Events

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>
Supplies and equipment	\$ 4,396	\$ 3,275
Transmission	4,020	2,400
Advertising	1,888	-
Occupancy	450	-
Professional services	-	1,080
	<u>\$ 10,754</u>	<u>\$ 6,755</u>

The Corporation recognized contributions of nonfinancial assets within revenue, including supplies and equipment, transmission, advertising, occupancy, and professional services. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Supplies and equipment consists of catered food for staff, weekly trivia prizes, and coffee. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be received for purchasing similar products.

Transmission consists of translator space and internet services to support the Corporation's technical activities. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar services.

Advertising consists of media sponsorships provided by local businesses on behalf of the Corporation. The Corporation estimated fair value on the basis of values that would be received for selling advertising to clients.

Occupancy consists of use of storage space. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar storage rental services.

Professional services are janitorial services and supplies. Services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2024 and 2023 are summarized below:

	<u>2024</u>	<u>2023</u>
Land	\$ 25,000	\$ 25,000
Building and improvements	543,816	543,816
Broadcasting, production and programming equipment	565,215	559,717
Office fixtures and equipment	<u>19,810</u>	<u>19,810</u>
	1,153,841	1,148,343
Less accumulated depreciation	<u>(945,898)</u>	<u>(923,848)</u>
	<u>\$ 207,943</u>	<u>\$ 224,495</u>

Depreciation expense was \$22,050 and \$23,176 for fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 4 – OPERATING LEASES

Operating leases arise from the leasing of the Corporation's tower space to customers. Initial lease terms are for 5 years. Rental income from these leases for the years ended June 30, 2024 and 2023 was \$59,506 and \$39,773, respectively, and are included in rental, special events and other income in the statements of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2024:

Year Ending June 30,	
2025	\$ 61,968
2026	63,816
2027	27,828
2028	28,656
2029	29,520
Thereafter	<u>69,558</u>
	<u>\$ 281,346</u>

NOTE 5 – CONTINGENCIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation

NARROWS BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rainbird Community Broadcasting Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rainbird Community Broadcasting Corporation (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years 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 Corporation as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but

is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2024 and 2023, appearing on pages 19-24, is presented for purposes 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

October 25, 2024

RAINBIRD COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS -		
Property and Equipment, net	\$ 400,348	\$ 421,504
Total Assets	<u>\$ 400,348</u>	<u>\$ 421,504</u>
LIABILITIES AND NET ASSETS -		
Net Assets -		
Without Donor Restrictions	\$ 400,348	\$ 421,504
Total Liabilities and Net Assets	<u>\$ 400,348</u>	<u>\$ 421,504</u>

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

RAINBIRD COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Public Support, Revenue and Other Gains:		
Support from CoastAlaska for equipment repairs and replacements	\$ 5,600	\$ -
Contributions of cash and other financial assets	155	8,705
Contributions of nonfinancial assets	17,568	15,188
Membership	119,370	139,550
Government and CPB operating grants	230,214	207,498
Underwriting income	86,107	88,160
Rental, special events and other income	57,820	72,953
Other operating grants	4,694	26,739
Total Public Support, Revenue and Other Gains	<u>521,528</u>	<u>558,793</u>
Administrative Expenses:		
Pass-through funding to CoastAlaska	515,928	558,793
Depreciation	26,756	27,413
Total Administrative Expenses	<u>542,684</u>	<u>586,206</u>
Change in Net Assets Without Donor Restrictions	(21,156)	(27,413)
Net Assets, Beginning of Year	<u>421,504</u>	<u>448,917</u>
Net Assets, End of Year	<u>\$ 400,348</u>	<u>\$ 421,504</u>

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

RAINBIRD COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of the Change in Net Assets Without Donor Restrictions To Net Cash Provided By Operating Activities		
Change in Net Assets Without Donor Restrictions	\$ (21,156)	\$ (27,413)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation	<u>26,756</u>	<u>27,413</u>
Net Cash Provided By Operating Activities	<u>5,600</u>	<u>-</u>
Cash Flows From Investing Activities -		
Cash paid for fixed assets and capital improvements, net	<u>(5,600)</u>	<u>-</u>
Net Cash Used For Investing Activities	<u>(5,600)</u>	<u>-</u>
Cash Flows From Financing Activities:		
Cash paid on long-term liabilities	<u>-</u>	<u>-</u>
Net Cash Used For Financing Activities	<u>-</u>	<u>-</u>
Net Change In Cash	-	-
Cash at Beginning of Year	<u>-</u>	<u>-</u>
Cash at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and CoastAlaska, Inc.

Rainbird Community Broadcasting Corporation (the Corporation) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KRBD-FM in Ketchikan, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

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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 Corporation 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.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

Contributions of Cash and Other Financial Assets

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

Underwriting Income

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

Rental, Special Events and Other Income

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Royalties and Production Income

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from four to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2024 and 2023. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued a new accounting standard with an upcoming implementation date. The following standard is required to be implemented in a coming financial reporting period. Management has not fully evaluated the potential effects of this statement:

ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements* – Effective for fiscal year 2025, the amendments in this update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions.

Subsequent Events

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	2024	2023
Advertising	\$ 8,326	\$ 8,674
Transmission	4,020	-
Supplies and equipment	2,426	3,842
Other	1,800	1,000
Travel and transportation	996	1,672
	<u>\$ 17,568</u>	<u>\$ 15,188</u>

The Corporation recognized contributions of nonfinancial assets within revenue, including advertising, transmission, supplies and equipment, other services, and travel and transportation. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Advertising consists of media sponsorships provided by local businesses on behalf of the Corporation. The Corporation estimated fair value on the basis of values that would be received for selling advertising to clients.

Transmission consists of internet services. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be received for purchasing similar products.

Supplies and equipment consists of janitorial supplies, bottled water, coffee, and paper received from local companies. Supplies and equipment are valued and are reported at the estimated fair value on the basis of estimates of wholesale values that would be paid to purchase similar items.

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Other services is composed of a chamber of commerce membership. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be received for purchasing similar products.

Travel and transportation consists of travel and lodging provided by various organizations. The Corporation estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

NOTE 3 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2024 and 2023 are summarized below:

	<u>2024</u>	<u>2023</u>
Land	\$ 130,900	\$ 130,900
Building and improvements	579,548	573,948
Broadcasting, production and programming equipment	560,306	560,306
Office fixtures and equipment	<u>9,700</u>	<u>9,700</u>
	1,280,454	1,274,854
Less accumulated depreciation	<u>(880,106)</u>	<u>(853,350)</u>
	<u>\$ 400,348</u>	<u>\$ 421,504</u>

Depreciation expense was \$26,756 and \$27,413 for fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 4 – OPERATING LEASES

Operating leases arise from the leasing of the Corporation's tower space to customers. Lease terms are for 1 year. Rental income from these leases for the years ended June 30, 2024 and 2023 was \$5,450 and \$5,850, respectively, and are included in rental, special events and other income in the statements of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2024:

Year Ending June 30,	
2025	\$ 2,700
2026	-
2027	-
2028	-
2029	-
Thereafter	-
	<u>\$ 2,700</u>

RAINBIRD COMMUNITY BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CONTINGENCIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Unalaska Community Broadcasting, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Unalaska Community Broadcasting, Inc. (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years 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 Corporation as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2024 and 2023 appearing on pages 19-24, are presented for purposes of additional analysis and are 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

October 25, 2024

UNALASKA COMMUNITY BROADCASTING, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS -		
Property and Equipment, net	<u>\$ 30,303</u>	<u>\$ 42,943</u>
Total Assets	<u><u>\$ 30,303</u></u>	<u><u>\$ 42,943</u></u>
LIABILITIES AND NET ASSETS -		
Net Assets -		
Without Donor Restrictions	<u>\$ 30,303</u>	<u>\$ 42,943</u>
Total Liabilities and Net Assets	<u><u>\$ 30,303</u></u>	<u><u>\$ 42,943</u></u>

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

UNALASKA COMMUNITY BROADCASTING, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Public Support, Revenue and Other Gains:		
Contributions of cash and other financial assets	\$ 33,334	\$ 15,376
Membership	47,291	50,890
Government and CPB operating grants	408,625	374,714
Underwriting income	47,909	53,930
Rental, special events and other income	32,985	20,528
Royalties and production income	34,400	18,300
Other operating grants	155,171	163,903
Total Public Support, Revenue and Other Gains	<u>759,715</u>	<u>697,641</u>
Administrative Expenses:		
Pass-through funding to CoastAlaska	759,715	697,641
Depreciation	12,640	17,123
Total Administrative Expenses	<u>772,355</u>	<u>714,764</u>
Change in Net Assets Without Donor Restrictions	(12,640)	(17,123)
Net Assets, Beginning of Year	<u>42,943</u>	<u>60,066</u>
Net Assets, End of Year	<u>\$ 30,303</u>	<u>\$ 42,943</u>

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

UNALASKA COMMUNITY BROADCASTING, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of the Change in Net Assets Without Donor Restrictions To Net Cash Provided By Operating Activities		
Change in Net Assets Without Donor Restrictions	\$ (12,640)	\$ (17,123)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation	<u>12,640</u>	<u>17,123</u>
Net Cash Provided By Operating Activities	<u>-</u>	<u>-</u>
Net Change in Cash	-	-
Cash at Beginning of Year	<u>-</u>	<u>-</u>
Cash at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and CoastAlaska, Inc.

Unalaska Community Broadcasting, Inc. (the Corporation or KUCB) is a not-for-profit Alaskan corporation, which operates a noncommercial public FM radio station (KUCB-FM in Unalaska, Alaska), as described below.

On July 1, 1998 the Corporation joined with four other noncommercial public radio stations and one noncommercial public television station in Southeast Alaska to form CoastAlaska Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff, which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Corporation 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 may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation'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 Corporation 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.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Corporation also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

Contribution of Cash and Other Financial Assets

The Corporation may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Corporation recognizes revenue only after the conditions are substantially met. Should the Corporation substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Corporation has elected to recognize the revenue in net assets without donor restrictions.

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Corporation. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Corporation's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Corporation from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

Underwriting Income

Revenue from program underwriting is recognized when the Corporation satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

Rental, Special Events and Other Income

Revenue from rented building space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Royalties and Production Income

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statements of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from four to twenty-five years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Payments by CoastAlaska for repairs and maintenance of the Corporation's property and equipment are recognized as revenue when the amounts are to be paid by CoastAlaska. Expenditures incurred by CoastAlaska on behalf of the Corporation for property and equipment acquisitions, major renewals and betterments are recorded as contributions by the Corporation as incurred. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Cash

For the purpose of the statements of cash flows, the Corporation considers all cash in checking, savings, and money market accounts to be cash.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal year ended June 30, 2024 and 2023. The Corporation qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The Corporation's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska and the depreciation expense of its property and equipment.

UNALASKA COMMUNITY BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued a new accounting standard with an upcoming implementation date. The following standard is required to be implemented in a coming financial reporting period. Management has not fully evaluated the potential effects of this statement:

ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements* – Effective for fiscal year 2025, the amendments in this update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions.

Subsequent Events

The Corporation's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2024 and 2023 are summarized below:

	<u>2024</u>	<u>2023</u>
Broadcasting, production and programming equipment	\$ 337,902	\$ 337,902
Less accumulated depreciation	<u>(307,599)</u>	<u>(294,959)</u>
	<u>\$ 30,303</u>	<u>\$ 42,943</u>

Depreciation expense was \$12,640 and \$17,123 for the years ended June 30, 2024 and 2023, respectively.

NOTE 3 – CONTINGENCIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts of the Corporation reflected in the financial statements of the Corporation have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KTOO Music and Arts, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KTOO Music and Arts, LLC (KTOO FM), a not-for-profit limited liability company, which comprise the statements of activities as of June 30, 2024, and 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the changes in its net assets for the years ended June 30, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 KTOO FM's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KTOO FM'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 KTOO FM'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activity by Member for the years ended June 30, 2024 and 2023, appearing on pages 19-24, is presented for purposes 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

October 25, 2024

KTOO MUSIC AND ARTS, LLC
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Public Support, Revenue and Other Gains:		
Contributions of cash and other financial assets	\$ 225	\$ 36,000
Contributions of nonfinancial assets	2,006	2,180
Membership	490,211	457,505
Government and CPB operating grants	343,236	200,777
Underwriting income	249,188	286,043
Rental, special events and other income	46	3,521
Royalties and production income	-	18
Other operating grants	31,500	47,500
Total Public Support, Revenue and Other Gains	1,116,412	1,033,544
Administrative Expenses -		
Pass-through funding to CoastAlaska	1,116,412	1,033,544
Total Administrative Expenses	1,116,412	1,033,544
Change in Net Assets Without Donor Restrictions	-	-
Net Assets, Beginning of Year	-	-
Net Assets, End of Year	\$ -	\$ -

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

KTOO MUSIC AND ARTS, LLC
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and CoastAlaska, Inc.

KTOO Music and Arts, LLC (the Company) is a not-for-profit Alaskan limited liability company, which operates a noncommercial public FM radio station (KTOO FM in Juneau, Alaska), as described below.

On July 1, 1998 five non-profit Alaska corporations, which operate five noncommercial public radio stations and one noncommercial public television station in Southeast Alaska, formed CoastAlaska, Inc. (CoastAlaska), a non-profit corporation, that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska and to assist and facilitate the administration, business management, marketing and cooperation of its Member Stations in the most effective and efficient means possible. The current members of CoastAlaska include CoastAlaska (KSTK), Raven Radio Foundation, Inc. (KCAW), Narrows Broadcasting Corporation (KFSK), Rainbird Community Broadcasting (KRBD), Unalaska Community Broadcasting, Inc. (KUCB), and KTOO Music and Arts, LLC (KTOO FM). CoastAlaska operates under a Compact Agreement entered into on July 1, 1998.

Members of CoastAlaska, as contemplated under the Compact, contribute all current assets, except certain excluded cash balances, and transfer all current liabilities to CoastAlaska. Each member retains respective ownership of all real and personal property of the stations and continue to remain obligated for any mortgage debt related to that property. In addition, the members retain ownership of their respective Federal Communications Commission (FCC) licenses, permits or other privileges, if any, and maintain responsibility for programming, editorial practices, and local production.

Annually, the members develop operating budgets for their stations, which are submitted to the CoastAlaska Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of all the Member Stations. Each station's budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the station's obligations under long-term debt agreements.

All operating revenues received or raised are contributed to CoastAlaska. All operating expenses are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, each member's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline.

CoastAlaska's Executive Director maintains a central office staff which provides the following services to CoastAlaska and its members:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

Each member of CoastAlaska has the right to nominate one of CoastAlaska's Board of Directors and one alternate. A member can withdraw at any time, with six months' notice, and the Compact will remain in effect as long as two or more stations remain members.

CoastAlaska also performs support services for other public radio stations, who are not members of CoastAlaska, around the state. Services provided include certain accounting, membership, and grant reporting activities.

Basis Accounting

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

Basis of Presentation

The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Company 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 may be expended for any purpose in performing the primary objectives of the Company. These net assets may be used at the discretion of the Company'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 Company 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 statement of activities.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Company also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

Contributions of Cash and Other Financial Assets

The Company may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Company recognizes revenue only after the conditions are substantially met. Should the Company substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Company has elected to recognize the revenue in net assets without donor restrictions.

KTOO MUSIC AND ARTS, LLC
NOTES TO THE FINANCIAL STATEMENTS

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Company. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Company's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Company from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Grant receivables are recorded for unreimbursed expenses incurred for the purposes specified by the awarding agency. Funding received in advance of incurring allowable expenses are recorded as a refundable advance, if any.

Underwriting Income

Revenue from program underwriting is recognized when the Company satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statements of financial position, if any. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectible.

Rental, Special Events and Other Income

Revenue from rented studio space, special events, and merchandise sales are recorded when earned. Revenue from rentals is recognized over the period of the tenant lease term on a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statements of financial position, if any. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

KTOO MUSIC AND ARTS, LLC
NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Company's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Company qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). There was no required provision for income taxes for fiscal years ended June 30, 2024 and 2023. The Company qualifies under a group exemption due to their affiliation with CoastAlaska through the Compact Agreement. CoastAlaska follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. CoastAlaska's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The Company's expenses are administrative in nature as their expenses are a contribution of revenues passed on to CoastAlaska.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued a new accounting standard with an upcoming implementation date. The following standard is required to be implemented in a coming financial reporting period. Management has not fully evaluated the potential effects of this statement:

ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements* – Effective for fiscal year 2025, the amendments in this update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions.

Subsequent Events

The Company's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

KTOO MUSIC AND ARTS, LLC
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, contributions of nonfinancial assets recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>
Travel and transportation	\$ 2,006	\$ 1,274
Advertising	-	906
	<u>\$ 2,006</u>	<u>\$ 2,180</u>

The Company recognized contributions of nonfinancial assets within revenue, including travel and transportation, and advertising. Unless otherwise noted, contributions of nonfinancial assets did not have donor-imposed restrictions.

Travel and transportation consists of travel and lodging provided by various organizations. The Company estimated the fair value on the basis of estimates of wholesale values that would be paid to purchase similar lodging.

Advertising consists of media sponsorships provided by a local organization on behalf of the Company. The Company estimated fair value on the basis of values that would be received for selling advertising to clients.

NOTE 3 – CONTINGENCIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies. Certain grant amounts of the Company reflected in the financial statements of the Company have not been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.