

KACHEMAK BAY BROADCASTING, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

KACHEMAK BAY BROADCASTING, INC.
FINANCIAL STATEMENTS

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LAMBE, TUTER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kachemak Bay Broadcasting, Inc.

We have audited the accompanying financial statements of Kachemak Bay Broadcasting, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kachemak Bay Broadcasting, Inc. as of June 30, 2021 and 2020, 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.

Lambe Tutor & Associates

Soldotna, Alaska
January 13, 2022

KACHEMAK BAY BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 741,948	\$ 691,703
Receivable from Pickle Hill Public Broadcasting, Inc.	29,273	78,098
Underwriting receivable	10,478	11,545
Accounts receivable	1,418	2,891
Prepaid expenses	12,226	16,368
Total current assets	<u>795,343</u>	<u>800,605</u>
 PROPERTY AND EQUIPMENT	 1,265,309	 1,238,408
Less accumulated depreciation	<u>(843,370)</u>	<u>(851,883)</u>
	<u>421,939</u>	<u>386,525</u>
 COMPUTER SOFTWARE	 29,914	 45,974
Less accumulated amortization	<u>(7,796)</u>	<u>(21,352)</u>
	<u>22,118</u>	<u>24,622</u>
 OTHER ASSETS		
Beneficial interest in the Homer Foundation	<u>44,368</u>	<u>35,253</u>
TOTAL ASSETS	<u><u>\$ 1,283,768</u></u>	<u><u>\$ 1,247,005</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 11,001	\$ 7,094
Accrued expenses	37,632	28,645
Underwriting deposits	23,400	12,014
Unearned grant revenue	8,177	5,039
Refundable advances- CARES funding	148,719	60,592
Refundable advances- PPP Loan	-	94,000
Total current liabilities	<u>228,929</u>	<u>207,384</u>
 NET ASSETS		
Without donor restrictions	1,010,471	996,035
With donor restrictions	<u>44,368</u>	<u>43,586</u>
Total net assets	<u>1,054,839</u>	<u>1,039,621</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,283,768</u></u>	<u><u>\$ 1,247,005</u></u>

KACHEMAK BAY BROADCASTING, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

CHANGES IN NET ASSETS WITHOUT DONOR

REVENUES AND OTHER SUPPORT

Revenue from Contracts

Service agreement

<u>2021</u>	<u>2020</u>
\$ 69,839	\$ 60,792
<u>69,839</u>	<u>60,792</u>

Total revenue from contracts

Other Support

Government grants and support

Membership dues

Underwriting

Government assistance- loan forgiveness

Donated services

Broadcasting income

Donations

Other non-government grants

Fundraising

Investment earnings

Loss on disposal of asset

278,889	168,049
153,799	171,374
109,869	106,343
75,360	-
18,149	35,456
11,000	12,100
10,328	5,654
3,500	13,200
2,125	26,448
823	4,911
-	(30)
<u>663,842</u>	<u>543,505</u>

Total revenues and other support without donor restrictions

<u>733,681</u>	<u>604,297</u>
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NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of program restrictions

Expiration of time restrictions

Total revenues and other support

8,333	11,666
<u>1,034</u>	<u>1,105</u>
<u>743,048</u>	<u>617,068</u>

EXPENSES

Program

Management and general

Fundraising

TOTAL EXPENSES

445,942	371,868
181,112	180,496
<u>101,558</u>	<u>115,162</u>
<u>728,612</u>	<u>667,526</u>

INCREASE (DECREASE) IN NET ASSETS

WITHOUT DONOR RESTRICTIONS

<u>14,436</u>	<u>(50,458)</u>
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KACHEMAK BAY BROADCASTING, INC.
STATEMENTS OF ACTIVITIES (CONT.)
Years Ended June 30, 2021 and 2020

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	<u>2021</u>	<u>2020</u>
Other non-government grants	-	20,000
Increase in value of beneficial interest	8,996	1,769
Donations	<u>1,153</u>	<u>10</u>
	10,149	21,779
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of purpose restrictions	(8,333)	(11,666)
Expiration of time restrictions	<u>(1,034)</u>	<u>(1,105)</u>
	(9,367)	(12,771)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>782</u>	<u>9,008</u>
CHANGE IN NET ASSETS	15,218	(41,450)
NET ASSETS AT BEGINNING OF YEAR	<u>1,039,621</u>	<u>1,081,071</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,054,839</u>	<u>\$ 1,039,621</u>

KACHEMAK BAY BROADCASTING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

				<u>Supporting activities</u>		
	Programming and Production	Broadcasting and Technical	Total Program	Management and General	Fundraising	Total
Personnel costs	\$ 266,041	\$ 4,793	\$ 270,834	\$ 110,464	\$ 81,334	\$ 462,632
Technical support	2,910	42,305	45,215		-	45,215
Utilities	-	42,636	42,636	5,969	-	48,605
Supplies	34	16,687	16,721	4,453	2,824	23,998
Programming and production costs	32,256	-	32,256	-	-	32,256
Depreciation	-	11,077	11,077	25,667	-	36,744
Advertising	475	-	475	-	8,966	9,441
Repairs/maintenance	-	14,749	14,749	-	-	14,749
Professional fees	-	-	-	13,500	-	13,500
Insurance	-	-	-	12,519	-	12,519
Bank service charges	-	450	450	-	7,947	8,397
Internet & digital services	-	5,902	5,902	-	-	5,902
Travel	-	-	-	1,360	-	1,360
Amortization	-	-	-	2,504	-	2,504
Other	2,960	2,667	5,627	4,676	487	10,790
	<u>\$ 304,676</u>	<u>\$ 141,266</u>	<u>\$ 445,942</u>	<u>\$ 181,112</u>	<u>\$ 101,558</u>	<u>\$ 728,612</u>

KACHEMAK BAY BROADCASTING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

				<u>Supporting activities</u>		
	<u>Programming and Production</u>	<u>Broadcasting and Technical</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 206,545	\$ -	\$ 206,545	\$ 101,036	\$ 70,786	\$ 378,367
Technical support	5,925	34,781	40,706	9,463	-	50,169
Utilities	-	37,359	37,359	6,002	-	43,361
Supplies	-	15,293	15,293	4,013	13,648	32,954
Programming and production costs	32,733	-	32,733	-	-	32,733
Depreciation	-	9,005	9,005	22,493	-	31,498
Advertising	-	-	-	125	22,996	23,121
Repairs/maintenance	-	17,628	17,628	1,473	-	19,101
Professional fees	-	-	-	16,700	-	16,700
Insurance	-	-	-	12,418	-	12,418
Bank service charges	-	636	636	-	6,404	7,040
Internet & digital services	-	6,335	6,335	-	-	6,335
Travel	642	675	1,317	1,345	545	3,207
Amortization	-	-	-	417	-	417
Other	3,332	979	4,311	5,011	783	10,105
	<u>\$ 249,177</u>	<u>\$ 122,691</u>	<u>\$ 371,868</u>	<u>\$ 180,496</u>	<u>\$ 115,162</u>	<u>\$ 667,526</u>

KACHEMAK BAY BROADCASTING, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members, contributors, and granting agencies	\$ 763,604	\$ 615,849
Cash paid to suppliers and employees	(641,905)	(573,595)
Interest received	823	4,911
Net cash provided by operating activities	<u>122,522</u>	<u>47,165</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and software	(72,158)	(71,630)
Donations reinvested in Homer Foundation	(1,152)	-
Proceeds from beneficial interest in the Homer Foundation	1,033	1,095
Proceeds from certificates of deposit	-	206,000
Cash (used) provided by investing activities	<u>(72,277)</u>	<u>135,465</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from refundable advances	-	94,000
Cash provided by financing activities	<u>-</u>	<u>94,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,245	276,630
CASH AND CASH EQUIVALENTS, beginning	<u>691,703</u>	<u>415,073</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 741,948</u>	<u>\$ 691,703</u>

KACHEMAK BAY BROADCASTING, INC.
STATEMENTS OF CASH FLOWS (CONT.)
Years Ended June 30, 2021 and 2020

RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS	<u>\$ 15,218</u>	<u>\$ (41,450)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	39,248	31,915
Decrease (increase) in underwriting receivables	1,067	(104)
Decrease in unconditional promises to give	-	110
Decrease (increase) in accounts receivable	1,473	(1,327)
Decrease (increase) in prepaid expenses	4,142	(1,004)
Decrease (increase) in receivable from Pickle Hill Public Broadcasting, Inc.	48,825	(1,788)
Increase (decrease) in accounts payable	3,907	(7,643)
Increase in accrued expenses	8,987	10,706
Increase (decrease) in underwriting deposits	11,386	(3,687)
Increase in unearned grant revenue	3,138	2,584
Decrease in refundable Advance- CARES Funding	88,127	60,592
Refundable Advance- PPP debt forgiveness	(94,000)	-
Loss on asset disposal	-	30
Non-cash investment earnings	(8,996)	(1,769)
Total adjustments	<u>107,304</u>	<u>88,615</u>
	<u>\$ 122,522</u>	<u>\$ 47,165</u>

SUPPLEMENTARY INFORMATION ON NON-CASH TRANSACTION

The Organization received loan forgiveness from SBA for the \$94,000 refundable advance received for the paycheck protection program during the year ending June 30, 2021

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. ORGANIZATION

Kachemak Bay Broadcasting, Inc. (Corporation) is a public, nonprofit radio station incorporated in the State of Alaska with a mission to provide and promote news, information, and entertainment to foster community engagement for the southern Kenai Peninsula.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting which is in accordance with the accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Kachemak Bay Broadcasting, Inc. reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions are those amounts currently available at the discretion of the Board of Directors for use in Kachemak Bay Broadcasting, Inc.'s operations.

Net assets with donor restrictions are those amounts that are stipulated by donors or grantors for specific operating purposes. Revenue from grants and contracts are recognized as earned when the Corporation has incurred expenditures in compliance with the specific grant or contract. It also includes amounts for which the principal is stipulated by a donor or grantor to be invested in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with maturities of three months or less.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals and betterments, that materially prolong the useful lives of assets, are capitalized.

Property and equipment is recorded at cost, or in the case of donated property, at its estimated fair value as of the date of the contribution. Depreciation is provided using the straight-line method over the estimated useful life of the property, which ranges from three to thirty-five years. Expenditures for repairs and maintenance are charged against operations as incurred.

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Underwriting Receivable

Kachemak Bay Broadcasting, Inc. extends credit for services rendered to underwriting customers on open accounts and receives payments for services in cash and trades.

Underwriting receivables are stated at unpaid balances. The Corporation provides for losses on underwriting receivables using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of underwriters to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Corporation's policy to charge-off uncollectible receivables when management determines the receivables will not be collected.

Payments received in advance of services rendered are recorded as underwriting deposits.

Contributions

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as donor support that increases net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of a liability or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by Kachemak Bay Broadcasting, Inc.

A portion of the Corporation's support is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as support when expenditures are incurred in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Grants receivable, if any, represent the excess of allowable expenses over cash receipts.

Use of Estimates

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

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Revenue Recognition for Contracts

Kachemak Bay Broadcasting, Inc. operates under a vendor agreement with Pickle Hill Broadcasting, Inc. Under the terms of the agreement, the Corporation provides programming and manages all aspects of the operation of Pickle Hill Broadcasting, Inc. The revenue is recognized over time through monthly invoicing as services are rendered. Invoices from the Corporation to Pickle Hill Broadcasting, Inc. are due within thirty days. Revenue earned under the agreement was \$69,839 and \$60,792 for the years ended June 30, 2021 and 2020, respectively. The receivable from Pickle Hill Broadcasting, Inc. had balances of \$78,098 and \$29,273 at July 1, 2020 and June 30, 2021 respectively. The receivable from Pickle Hill Broadcasting, Inc. had balances of \$76,310 and \$78,098 at July 1, 2019 and June 30, 2020 respectively.

Functional Expense Allocation

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Corporation have been summarized on a natural classification basis. Accordingly, certain costs have been allocated among the program and supporting activities benefited.

Directly identifiable expenses are charged to functional expense classes for programming and production, management and general, broadcasting and technical, and fundraising expenses. Expenses related to more than one function are charged to each function on the basis of time studies and management estimates based upon prior experience. Management and general expenses include those expenses that are not directly chargeable to any other specific function but provide for the overall support and direction of the Corporation.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Corporation files its form 990 in the U.S. federal jurisdiction for the State of Alaska. The Corporation is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

3. CONCENTRATION

Financial Instruments

The Corporation maintains deposits in one financial institution that, at times during the fiscal year, exceeds the insured amounts of \$250,000 provided by the US Federal Deposit Insurance Corporation (FDIC).

Contributions

The Corporation receives a substantial portion of their annual funding through grants. The Corporation received \$125,630 and \$168,049 from the Corporation for Public Broadcasting during the year ended June 30, 2021 and 2020, respectively. This represents 17% and 27% of the Corporation's total support and revenues for the year ending June 30, 2021 and 2020, respectively.

4. LINE OF CREDIT

The Corporation has an approved line of credit based on the value of its investment account with Edward Jones. At June 30, 2021, there is no approved line of credit. The available credit line at June 30, 2020 is \$203,127 at 5.25% interest on outstanding draws. No draws have been made on the line of credit.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 660,832	\$ 653,964
Broadcast equipment	367,607	385,189
Land	163,566	163,566
Furniture and fixtures	39,420	35,689
Construction in progress	33,884	-
	<u>1,265,309</u>	<u>1,238,408</u>
Less accumulated depreciation	<u>(843,370)</u>	<u>(851,883)</u>
	<u>\$ 421,939</u>	<u>\$ 386,525</u>

Depreciation expense was \$36,744 and \$31,498 for years ended June 30, 2021 and 2020, respectively, and is allocated appropriately on the statement of functional expenses.

6. RELATED- PARTY TRANSACTIONS

Kachemak Bay Broadcasting, Inc. received donated services of \$5,332 and \$8,588 from different board members during the year ending June 30, 2021 and 2020. This amount is included in "donated services" on the statement of activities.

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

7. BENEFICIAL INTEREST IN HOMER FOUNDATION

Kachemak Bay Broadcasting, Inc. has an agreement with the Homer Foundation, a community foundation, whereby the foundation invests the donor restricted funds of the Corporation. Kachemak Bay Broadcasting, Inc. earns income on its endowment funds, which it may choose to receive or reinvest in the endowment funds. A summary of the Endowment's contributions and investment income for the year ended June 30, 2021 and 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Foundation balance, 07/01/2020	\$ -	\$ 35,253	\$ 35,253
Net investment gains (losses)	-	8,996	8,996
Contributions	-	1,153	1,153
Amounts released for expenditures	1,034	(1,034)	-
Distributions from the Foundation	<u>(1,034)</u>	<u>-</u>	<u>(1,034)</u>
Foundation balance, 06/30/2021	<u>\$ -</u>	<u>\$ 44,368</u>	<u>\$ 44,368</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Foundation balance, 07/01/2019	\$ -	\$ 34,579	\$ 34,579
Net investment gains (losses)	-	1,769	1,769
Contributions	-	10	10
Amounts released for expenditures	1,105	(1,105)	-
Distributions from the Foundation	<u>(1,105)</u>	<u>-</u>	<u>(1,105)</u>
Foundation balance, 06/30/2020	<u>\$ -</u>	<u>\$ 35,253</u>	<u>\$ 35,253</u>

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

8. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

- Level 1- Quoted market prices in active markets for identical assets or liabilities
- Level 2- Observable market based inputs or unobservable inputs corroborated by market data.
- Level 3- Unobservable inputs reflecting the reporting entity's own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques followed need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 is the following:

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<u>Fair Value</u>			
Beneficial interest in Homer Foundation for the year ending June 30, 2021	\$ 44,368	\$ -	\$ 44,368
Beneficial interest in Homer Foundation for the year ending June 30, 2020	\$ 35,253	\$ -	\$ 35,253

The Corporation considers the measurement of its beneficial interest in the Homer Foundation to be a Level 3 measurement within the fair value measurement hierarchy because, even though that measurement is based on the fair value of Foundation assets reported by the trustee, the Corporation will never receive those assets or have the ability to direct the Foundation to redeem them.

There were no changes in methods or assumptions during the years ended June 30, 2021 and 2020.

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

9. DONATED SERVICES

The value of donated services included as contributions in the financial statements and the corresponding schedule for the year ended June 30, 2021 and 2020 are as follows:

For the year ending June 30, 2021	Broadcasting and Technical	Management and General	Total
Expenses:			
Technical support	\$ 12,817	\$ -	\$ 12,817
Repairs and maintenance	5,332	-	5,332
	<u>\$ 18,149</u>	<u>\$ -</u>	<u>\$ 18,149</u>
Revenue and other support:			
Donated services			<u>\$ 18,149</u>
For the year ending June 30, 2020	Broadcasting and Technical	Management and General	Total
Expenses:			
Technical support	\$ 26,637	\$ -	\$ 26,637
Repairs and maintenance	-	4,819	4,819
Professional fees	-	4,000	4,000
	<u>\$ 26,637</u>	<u>\$ 8,819</u>	<u>\$ 35,456</u>
Revenue and other support:			
Donated services			<u>\$ 35,456</u>

Numerous volunteers have donated significant amounts of time to Kachemak Bay Broadcasting, Inc.'s program services and fund-raising efforts. No amounts have been reflected in the accompanying financial statements for the fair value of these services.

10. COMMITMENTS AND CONTINGENCIES

Kachemak Bay Broadcasting, Inc. receives grants that are subject to audit and adjustment by the grantor agencies. Any expenditures disallowed as a result of such audit and for which the grant monies had been expended would become a liability of the Corporation. As of June 30, 2021 and 2020, no such audits were pending.

KACHEMAK BAY BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. ADVERTISING

Kachemak Bay Broadcasting, Inc. uses advertising to promote their programs among the audience they serve. The production costs of advertising are expensed as incurred. Advertising costs totaled \$9,441 and \$23,121 for the year ended June 30, 2021 and 2020, respectively.

12. REFUNDABLE ADVANCES

During the year ended June 30, 2020, Congress created the Paycheck Protection Program (PPP) as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized the Department of Treasury to use the Small Business Administration's (SBA) 7(a) small business lending program to fund forgivable loans of up to \$10 million per borrower. Qualifying businesses could use the monies to cover payroll, mortgage interest, rent, and utilities costs. The loans were available to small businesses that were in operation on February 15, 2020 with 500 or fewer employees, including not-for-profit organizations. Congress designed the loans to support organizations facing economic hardships created by the coronavirus pandemic and assist them in continuing to pay employee salaries.

The Organization applied and received forgiveness from SBA for the full \$94,000 in monies received from the PPP in April 2020. During the year ending June 30, 2021, the Organization recognized the contribution recorded as government assistance- loan forgiveness, reducing the refundable advance.

During the year ending June 30, 2021, the Corporation received grant funds in relation to the CARES relief packages directly from the Corporation of Public Broadcasting, Inc. for \$201,386. Of this amount, the Corporation expended \$52,667 during the fiscal year ending, with the remaining \$148,719 recorded on the statement of financial position as refundable advances.

During the year ending June 30, 2020, the Corporation received grant funds in relation to the CARES relief packages directly from the Corporation of Public Broadcasting, Inc. for \$112,136. Of this amount, the Corporation expended \$51,544 during the year ending June 30, 2020 with the remaining \$60,592 recorded on the statement of financial position as refundable advances. The remaining \$60,592 at June 30, 2020 was expended during the year ending June 30, 2021.

13. NET ASSETS WITHOUT DONOR RESTRICTION

As of June 30, 2021 and 2020, the Corporation's Board of Directors has placed the following allocations on net assets without donor restrictions:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 566,414	\$ 584,888
Net investment in property and equipment	<u>444,057</u>	<u>411,147</u>
Total net assets without donor restrictions	<u>\$ 1,010,471</u>	<u>\$ 996,035</u>

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14. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021 and 2020, the net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Subject to restriction in perpetuity		
Beneficial interest investment held by others	\$ 44,368	\$ 35,253
Subject to restriction in purpose		
Technology upgrades	-	8,333
Total net assets with donor restrictions	<u>\$ 44,368</u>	<u>\$ 43,586</u>

15. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Corporation's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board-designated endowments. These Board designations could be drawn upon if the Board approves that action.

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents	\$ 741,948	\$ 691,703
Receivable from Pickle Hill Public Broadcasting, Inc.	29,273	78,098
Underwriting receivable	10,478	11,545
Accounts receivable	1,418	2,891
Financial assets, at year end	<u>\$ 783,117</u>	<u>\$ 784,237</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 783,117</u>	<u>\$ 784,237</u>

16. SUBSEQUENT EVENTS

January 13, 2022 is the date the subsequent events have been evaluated to and the date the financial statements were available to be issued.