

KACHEMAK BAY BROADCASTING, INC.

FINANCIAL STATEMENTS

(With Independent Auditor's Report Thereon)

June 30, 2023 and 2022



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PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors of
Kachemak Bay Broadcasting, Inc.
Homer, Alaska

Opinion

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, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Kachemak Bay Broadcasting, Inc. as of June 30, 2023 and 2022, and the changes in 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. 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 Kachemak Bay Broadcasting, Inc. 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; 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.

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 Kachemak Bay Broadcasting, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Porter & Allison, Inc.

Anchorage, Alaska
December 4, 2023

FINANCIAL STATEMENTS

KACHEMAK BAY BROADCASTING, INC.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 492,977	\$ 498,019
Receivable from Pickle Hill Public Broadcasting, Inc.	51,760	96,189
Underwriting receivable	18,101	18,381
Accounts receivable	2,168	2,983
Prepaid expenses	13,155	15,587
Total Current Assets	<u>578,161</u>	<u>631,159</u>
 Property and Equipment	 1,363,849	 1,354,085
Less accumulated depreciation	<u>(932,538)</u>	<u>(885,457)</u>
	<u>431,311</u>	<u>468,628</u>
 Computer Software	 29,914	 29,914
Less accumulated amortization	<u>(12,804)</u>	<u>(10,300)</u>
	<u>17,110</u>	<u>19,614</u>
 Beneficial interest in the Homer Foundation	 <u>61,308</u>	 <u>52,308</u>
Total Assets	<u>\$ 1,087,890</u>	<u>\$ 1,171,709</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 13,165	\$ 10,284
Accrued expenses	28,727	35,419
Underwriting deposits	27,022	29,357
Refundable advances - other grants	30,000	5,000
Refundable advances - CPB CSG	7,193	-
Total Current Liabilities	<u>106,107</u>	<u>80,060</u>
 Net Assets:		
Without donor restrictions	920,475	1,039,341
With donor restrictions	<u>61,308</u>	<u>52,308</u>
Total Net Assets	<u>981,783</u>	<u>1,091,649</u>
Total Liabilities and Net Assets	<u>\$ 1,087,890</u>	<u>\$ 1,171,709</u>

See accompanying notes to financial statements.

KACHEMAK BAY BROADCASTING, INC.

Statements of Activities Years Ended June 30, 2023 and 2022

Change in Net Assets Without Donor Restrictions:	2023	2022
Revenues and Support:		
Service agreement	\$ 60,792	\$ 60,792
Government grants and support	132,620	291,798
Membership dues	165,120	152,674
Underwriting	139,003	122,975
Concert on the lawn	21,329	26,812
Broadcasting income	11,850	15,181
Donations	21,217	3,213
Other non-government grants	3,000	27,367
Fundraising	1,200	1,275
Investment earnings	4,019	103
Donated services	-	14,081
Other	1,530	-
Total Revenues and Support	<u>561,680</u>	<u>716,271</u>
Net Assets Releases from Restrictions:		
Expiration of time restrictions	<u>1,611</u>	<u>1,060</u>
Total Net Assets Releases from Restrictions	<u>1,611</u>	<u>1,060</u>
Expenses:		
Program	379,434	375,101
Management and general	199,971	197,336
Fundraising	<u>102,752</u>	<u>116,024</u>
Total Expenses	<u>682,157</u>	<u>688,461</u>
Change in Net Assets Without Donor Restrictions	<u>(118,866)</u>	<u>28,870</u>
Change in Net Assets With Donor Restrictions:		
Support:		
Increase (Decrease) in value of beneficial interest	5,111	(9,050)
Donations	<u>5,500</u>	<u>18,050</u>
Total Support	<u>10,611</u>	<u>9,000</u>
Net Assets Releases from Restrictions:		
Expiration of time restrictions	<u>(1,611)</u>	<u>(1,060)</u>
Total Net Assets Releases from Restrictions	<u>(1,611)</u>	<u>(1,060)</u>
Change in Net Assets With Donor Restrictions:	<u>9,000</u>	<u>7,940</u>
Change in Net Assets	(109,866)	36,810
Net Assets, beginning of year	<u>1,091,649</u>	<u>1,054,839</u>
Net Assets, end of year	<u>\$ 981,783</u>	<u>\$ 1,091,649</u>

See accompanying notes to financial statements.

KACHEMAK BAY BROADCASTING, INC.

Statement of Functional Expenses

Year Ended June 30, 2023

				<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	\$ 237,450	-	237,450	119,772	67,775	424,997
Depreciation	-	14,054	14,054	33,027	-	47,081
Utilities	-	36,890	36,890	5,298	-	42,188
Programming and production costs	35,733	-	35,733	-	-	35,733
Office expenses	-	20,379	20,379	3,708	2,210	26,297
Technical support	6,876	12,638	19,514	-	-	19,514
Professional fees	-	-	-	14,400	-	14,400
Insurance	-	-	-	14,398	-	14,398
Special events	-	-	-	-	12,776	12,776
Bank service charges	-	-	-	71	9,295	9,366
Advertising	-	-	-	-	9,176	9,176
Travel	2,455	-	2,455	1,543	-	3,998
Repairs/maintenance	-	3,384	3,384	395	-	3,779
Internet & digital services	-	3,473	3,473	-	1,270	4,743
Amortization	-	-	-	2,504	-	2,504
Other	2,867	3,235	6,102	4,855	250	11,207
	<u>\$ 285,381</u>	<u>94,053</u>	<u>379,434</u>	<u>199,971</u>	<u>102,752</u>	<u>682,157</u>

See accompanying notes to financial statements.

KACHEMAK BAY BROADCASTING, INC.

Statement of Functional Expenses

Year Ended June 30, 2022

	Programming and Production		Broadcasting and Technical	Total Program	Supporting Activities		Total
					Management and General	Fundraising	
Personnel costs	\$	221,238	-	221,238	119,941	83,309	424,488
Utilities		-	38,531	38,531	5,198	97	43,826
Depreciation		-	11,328	11,328	30,759	-	42,087
Programming and production costs		31,269	1,572	32,841	-	-	32,841
Technical support		9,920	17,032	26,952	-	-	26,952
Office expenses		-	19,421	19,421	3,684	1,790	24,895
Repairs/maintenance		-	15,169	15,169	-	-	15,169
Insurance		-	-	-	13,542	-	13,542
Professional fees		-	-	-	13,200	-	13,200
Special events		-	-	-	-	11,997	11,997
Advertising		789	-	789	-	10,405	11,194
Bank service charges		-	-	-	836	7,733	8,569
Internet & digital services		-	5,211	5,211	-	-	5,211
Amortization		-	-	-	2,504	-	2,504
Travel		180	-	180	634	-	814
Other		2,891	550	3,441	7,038	693	11,172
	\$	<u>266,287</u>	<u>108,814</u>	<u>375,101</u>	<u>197,336</u>	<u>116,024</u>	<u>688,461</u>

See accompanying notes to financial statements.

KACHEMAK BAY BROADCASTING, INC.Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash received from members, contributors, and granting agencies	\$ 638,543	\$ 511,895
Cash paid to suppliers and employees	(633,951)	(650,161)
Interest received	4,019	103
Net Cash Flows from Operating Activities	<u>8,611</u>	<u>(138,163)</u>
Cash Flows from Investing Activities:		
Purchases of equipment and software	(9,764)	(88,776)
Donations reinvested in Homer Foundation	(5,500)	(18,050)
Proceeds from beneficial interest in the Homer Foundation	1,611	1,060
Net Cash Flows from Investing Activities	<u>(13,653)</u>	<u>(105,766)</u>
Net Change in Cash and Cash Equivalents	(5,042)	(243,929)
Cash and Cash Equivalents, beginning of year	<u>498,019</u>	<u>741,948</u>
Cash and Cash Equivalents, end of year	<u>\$ 492,977</u>	<u>\$ 498,019</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities:		
Change in Net Assets	\$ (109,866)	\$ 36,810
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	49,585	44,591
Non-cash investment (earnings) losses	(5,111)	9,050
(Increase) decrease in assets:		
Receivable from Pickle Hill Public Broadcasting, Inc.	44,429	(66,916)
Underwriting receivables	280	(7,903)
Accounts receivable	815	(1,565)
Prepaid expenses	2,432	(3,361)
Increase (decrease) in liabilities:		
Accounts payable	2,881	(717)
Accrued expenses	(6,692)	(2,213)
Underwriting deposits	(2,335)	5,957
Refundable advances - other grants	25,000	(3,177)
Refundable advance - CPB CSG	7,193	(148,719)
Net Cash Flows from Operating Activities	<u>\$ 8,611</u>	<u>\$ (138,163)</u>

See accompanying notes to financial statements.

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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.

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.

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.

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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. All are utilized by the Organization.

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.

Revenue Recognition from Contracts

Kachemak Bay Broadcasting, Inc. operates under a vendor agreement (the 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.

Revenues from broadcasting, underwriting, memberships are recognized over time as services are rendered.

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.

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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.

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 applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Corporation annually reviews its tax positions taken in accordance with the recognition standards. The Corporation believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements. With few exceptions, the Corporation is not subject to audit of its tax returns after three years from filing.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. CONCENTRATION

Financial Instruments

The Corporation maintains cash balances at several financial institutions. Accounts are insured by the Federal Depositary Insurance Corporation (FDIC) for an amount up to \$250,000 per institution. Cash balances were fully insured at June 30, 2023 and 2022, respectively.

Contributions

The Corporation receives a substantial portion of their annual funding through grants. The Corporation received \$132,620 and \$291,796 from the Corporation for Public Broadcasting during the year ended June 30, 2023 and 2022, respectively. This represents 24% and 41% of the Corporation's total support and revenues for the year ending June 30, 2023 and 2022, respectively.

4. LIQUIDITY AND FUNDS AVAILABLE

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise the following.

	2023	2022
Cash and cash equivalents	\$ 492,977	\$ 498,019
Receivable from Pickle Hill Public Broadcasting, Inc.	51,760	96,189
Accounts receivable	18,101	18,381
Underwriting receivable	2,168	2,983

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

Total financial assets available to meet cash needs for general expenditures within one year	\$ <u>565,006</u>	\$ <u>615,572</u>
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Financial assets are considered unavailable when illiquid or not convertible to cash within one year, related to perpetual endowments, 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.

5. REVENUE AND RECEIVABLE FROM PICKLE HILL PUBLIC BROADCASTING, INC.

Revenue earned under the Agreement was \$60,792 and \$60,792 for the years ended June 30, 2023 and 2022, respectively. The receivable from Pickle Hill Broadcasting, Inc. had balances of \$51,760 and \$96,189 at June 30, 2023 and 2022, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2023	2022
Building and improvements	\$ 745,089	\$ 745,089
Broadcast equipment	400,357	390,593
Land	163,566	163,566
Furniture and fixtures	<u>54,837</u>	<u>54,837</u>
	1,363,849	1,354,085
Accumulated depreciation	<u>(932,538)</u>	<u>(885,457)</u>
Property and equipment, net	\$ <u>431,311</u>	\$ <u>468,628</u>

Depreciation expense was \$47,081 and \$42,087 for years ended June 30, 2023 and 2022, respectively, and is allocated appropriately on the statement of functional expenses.

7. RELATED- PARTY TRANSACTIONS

Kachemak Bay Broadcasting, Inc. received donated services of \$0 and \$8,047 from different board members during the year ending June 30, 2023 and 2022. This amount is included in “donated services” on the statement of activities.

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

8. BENEFICIAL INTEREST IN ASSETS HELD BY HOMER FOUNDATION

During 1992, Kachemak Bay Broadcasting, Inc. established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the Homer Foundation) program and named Kachemak Bay Broadcasting, Inc. as beneficiary. Kachemak Bay Broadcasting, Inc. granted power to Homer Foundation, which allows Homer Foundation to modify any condition or restriction on its distributions, except for variance power. The fund is held and invested by Homer Foundation for the benefit of Kachemak Bay Broadcasting, Inc. and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities. A summary of the Fund's contributions and investment income (loss) for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Beginning balance, July 1	\$ 52,308	\$ 44,368
Earnings (loss)	5,634	(8,606)
Management fees	(523)	(444)
Net Earnings (loss)	5,111	(9,050)
Contributions	5,500	18,050
Disbursement	(1,611)	(1,060)
Ending balance, June 30	\$ 61,308	\$ 52,308

9. 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. The following table provides information as of June 30, 2023 and 2022 about Corporation's financial assets measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total
June 30, 2023				
Beneficial Interest in Homer Foundation	\$ -	-	61,308	61,308

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2022				
Beneficial Interest in Homer Foundation	\$ -	-	52,308	52,308

Kachemak Bay Broadcasting, Inc. considers the measurement of its beneficial interest in the Homer Foundation to be a Level 3 measurement within the fair value measurement hierarchy because, certain investments of the Homer Foundation, which include private placements and other securities for which prices are not readily available, are determined by the management of the Foundation. As such, the Funds are classified at Level 3, having elements of unobservable inputs. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

There were no changes in methods or assumptions during the years ended June 30, 2023 and 2022.

10. DONATED SERVICES

The value of donated services included as contributions in the financial statements and the corresponding schedule for the year ended June 30, 2023 and 2022 are as follows:

	<u>Broadcasting and Technical</u>
2023	
Expenses	
Repairs and maintenance	\$ -
2022	
Expenses	8,047
Repairs and maintenance	\$ 8,047

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.

11. 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, 2023 and 2022, no such audits were pending.

KACHEMAK BAY BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2023 and 2022

12. 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 \$9,176 and \$11,194 for the year ended June 30, 2023 and 2022, respectively.

13. REFUNDABLE ADVANCES

Refundable advances at December 31, 2022 and 2021 consists of the following:

Grantor	2023	2022
Rasmuson Foundation	\$ 25,000	\$ -
Corporation of Public Broadcasting	7,193	-
Homer Foundation	<u>5,000</u>	<u>5,000</u>
Ending balance, June 30	\$ <u>37,193</u>	\$ <u>5,000</u>

14. NET ASSETS WITHOUT DONOR RESTRICTION

As of June 30, 2023 and 2022, the Corporation's Board of Directors has placed the following allocations on net assets without donor restrictions:

	2023	2022
Undesignated	\$ 489,164	\$ 570,713
Net investment in property and equipment	<u>431,311</u>	<u>468,628</u>
Total Net Assets Without Donor Restricted	\$ <u>920,475</u>	\$ <u>1,039,341</u>

15. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, the net assets with donor restrictions are restricted as follows:

	2023	2022
Subject to restriction in perpetuity - Beneficial Interest in Homer Foundation	\$ <u>61,308</u>	\$ <u>52,308</u>

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2023, the date which the financial statements were available for issue.