

KOAHNIC BROADCAST CORPORATION

FINANCIAL STATEMENTS

(With Independent Auditor's Report Thereon)

Years Ended June 30, 2022 and 2021



KOAHNIC BROADCAST CORPORATION

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KOAHNIC BROADCAST CORPORATION

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PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors of
Koahnic Broadcast Corporation
Anchorage, Alaska

Opinion

We have audited the accompanying financial statements of Koahnic Broadcast Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Koahnic Broadcast Corporation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Koahnic Broadcast 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; 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 Koahnic Broadcast Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Koahnic Broadcast 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 Koahnic Broadcast 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.

Porter & Allison, Inc.

Anchorage, Alaska
January 24, 2023

FINANCIAL STATEMENTS

Koahnic Broadcast Corporation

Statements of Financial Position

June 30, 2022 and 2021

| <u>Assets</u> | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents, unrestricted | \$ 2,980,536 | \$ 1,603,596 |
| Accounts receivable, net of allowance for doubtful accounts of \$48,160 and \$29,893 for 2022 and 2021 | 200,394 | 258,453 |
| Grants receivable | 243,348 | 561,251 |
| Prepaid expenses | 23,482 | 30,600 |
| Total current assets | <u>3,447,760</u> | <u>2,453,900</u> |
| Cash and cash equivalents restricted for endowment | 114,917 | 134,856 |
| Investments restricted for endowment | 3,381,827 | 3,943,283 |
| Property and equipment, net of accumulated depreciation of \$561,116 and \$511,734 for 2022 and 2021 | <u>198,942</u> | <u>236,679</u> |
| Total assets | <u>\$ 7,143,446</u> | <u>\$ 6,768,718</u> |
| <u>Liabilities and Net Assets</u> | | |
| Liabilities: | | |
| Current: | | |
| Accounts payable | 176,938 | 104,843 |
| Accrued liabilities | 140,000 | 126,856 |
| Deferred revenue | 114,056 | 418,575 |
| Total current liabilities | <u>430,994</u> | <u>650,274</u> |
| Net Assets: | | |
| Without donor restrictions: | | |
| Undesignated | 2,835,213 | 1,624,852 |
| Invested in property and equipment | <u>198,942</u> | <u>236,679</u> |
| | <u>3,034,155</u> | <u>1,861,531</u> |
| With donor restrictions: | | |
| Perpetual in nature | 1,641,957 | 1,641,957 |
| Purpose restrictions | <u>2,036,340</u> | <u>2,614,956</u> |
| | <u>3,678,297</u> | <u>4,256,913</u> |
| Total Net Assets | <u>6,712,452</u> | <u>6,118,444</u> |
| Total Liabilities and Net Assets | <u>\$ 7,143,446</u> | <u>\$ 6,768,718</u> |

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Activities

Years Ended June 30, 2022 and 2021

| | 2022 | | |
|---|-------------------------------|----------------------------|------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue: | | | |
| Support: | | | |
| Individuals | \$ 200,741 | - | 200,741 |
| Foundations and other non-profit entities | 1,226,641 | 180,805 | 1,407,446 |
| Government | 2,088,443 | - | 2,088,443 |
| In-kind | 24,456 | - | 24,456 |
| Net assets released from restriction | 178,026 | (178,026) | - |
| Total Support | <u>3,718,307</u> | <u>2,779</u> | <u>3,721,086</u> |
| Revenue: | | | |
| Underwriting revenues | 534,141 | - | 534,141 |
| Fundraising activities | 132,009 | - | 132,009 |
| Investment return, net | - | (581,395) | (581,395) |
| Other income | 383,591 | - | 383,591 |
| Total Revenue | <u>1,049,741</u> | <u>(581,395)</u> | <u>468,346</u> |
| Total Support and Revenue | <u>4,768,048</u> | <u>(578,616)</u> | <u>4,189,432</u> |
| Operating Expenses: | | | |
| Program services: | | | |
| Broadcasting | 1,469,515 | - | 1,469,515 |
| National programming unit | 1,358,359 | - | 1,358,359 |
| Total program services | <u>2,827,874</u> | <u>-</u> | <u>2,827,874</u> |
| Supporting services: | | | |
| Administrative | 462,707 | - | 462,707 |
| Fundraising and membership development | 304,843 | - | 304,843 |
| Total supporting services | <u>767,550</u> | <u>-</u> | <u>767,550</u> |
| Total Operating Expenses | <u>3,595,424</u> | <u>-</u> | <u>3,595,424</u> |
| Changes in Net Assets | <u>1,172,624</u> | <u>(578,616)</u> | <u>594,008</u> |
| Net Assets, beginning of year | <u>1,861,531</u> | <u>4,256,913</u> | <u>6,118,444</u> |
| Net Assets, end of year | <u>\$ 3,034,155</u> | <u>3,678,297</u> | <u>6,712,452</u> |

(Continued)

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Activities, Continued

Years Ended June 30, 2022 and 2021

| | 2021 | | |
|---|-------------------------------|----------------------------|------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue: | | | |
| Support: | | | |
| Individuals | \$ 169,947 | - | 169,947 |
| Foundations and other non-profit entities | 440,943 | 42,192 | 483,135 |
| SBA PPP loan forgiveness contribution | 274,162 | - | 274,162 |
| Government | 1,385,832 | - | 1,385,832 |
| In-kind | 42,967 | - | 42,967 |
| Net assets released from restriction | 87,000 | (87,000) | - |
| Total Support | <u>2,400,851</u> | <u>(44,808)</u> | <u>2,356,043</u> |
| Revenue: | | | |
| Underwriting revenues | 728,979 | - | 728,979 |
| Fundraising activities | 5,500 | - | 5,500 |
| Investment return, net | - | 822,784 | 822,784 |
| Other income | 325,448 | - | 325,448 |
| Total Revenue | <u>1,059,927</u> | <u>822,784</u> | <u>1,882,711</u> |
| Total Support and Revenue | <u>3,460,778</u> | <u>777,976</u> | <u>4,238,754</u> |
| Operating Expenses: | | | |
| Program services: | | | |
| Broadcasting | 723,823 | - | 723,823 |
| National programming unit | 1,194,283 | - | 1,194,283 |
| Total program services | <u>1,918,106</u> | <u>-</u> | <u>1,918,106</u> |
| Supporting services: | | | |
| Administrative | 542,107 | - | 542,107 |
| Fundraising and membership development | 154,278 | - | 154,278 |
| Total supporting services | <u>696,385</u> | <u>-</u> | <u>696,385</u> |
| Total Operating Expenses | <u>2,614,491</u> | <u>-</u> | <u>2,614,491</u> |
| Changes in Net Assets | <u>846,287</u> | <u>777,976</u> | <u>1,624,263</u> |
| Net Assets, beginning of year | <u>1,015,244</u> | <u>3,478,937</u> | <u>4,494,181</u> |
| Net Assets, end of year | <u>\$ 1,861,531</u> | <u>4,256,913</u> | <u>6,118,444</u> |

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Functional Expenses

Years Ended June 30, 2022 and 2021

| | 2022 | | | | |
|----------------------------------|---------------------|---------------------------|------------------|--|------------------|
| | Program Services | | Support Services | | Total |
| | Broadcasting | National Programming Unit | Administrative | Fundraising and Membership Development | |
| Operating Expenses: | | | | | |
| Salaries and fringe benefits | \$ 350,728 | 703,352 | 302,693 | 44,272 | 1,401,045 |
| Contract labor | 360,070 | 177,998 | 116,728 | 163,573 | 818,369 |
| Program acquisitions | 12,861 | 88,652 | - | - | 101,513 |
| Travel | 75,126 | 107,419 | 28,073 | 247 | 210,865 |
| Rent | 108,985 | 77,322 | 54,880 | 5,000 | 246,187 |
| Miscellaneous | 2,159 | 7,388 | 14,776 | 28,773 | 53,096 |
| Affiliation fees | 20,900 | - | - | - | 20,900 |
| Utilities | 68,583 | 4,768 | - | - | 73,351 |
| Subscriptions and memberships | 5,068 | 7,905 | 6,543 | 5,377 | 24,893 |
| Equipment rental and repair | 6,647 | 2,298 | 3,557 | - | 12,502 |
| Telephone | 6,398 | 15,054 | - | 657 | 22,109 |
| Insurance | 250 | - | 36,929 | - | 37,179 |
| Office supplies | 12,886 | 7,701 | 3,654 | 14,914 | 39,155 |
| Uplink and satellite fees | 7,980 | 2,822 | - | - | 10,802 |
| Marketing and research | 53,128 | 12,939 | 2,817 | 12,270 | 81,154 |
| Equipment purchased | 10,267 | 594 | - | - | 10,861 |
| Board | - | - | 3,545 | - | 3,545 |
| Website | 35,574 | 15,268 | 16,535 | 307 | 67,684 |
| Advertising and public relations | 262,920 | 1,611 | - | 3,980 | 268,511 |
| | <u>1,400,530</u> | <u>1,233,091</u> | <u>590,730</u> | <u>279,370</u> | <u>3,503,721</u> |
| Indirect cost allocation | 19,603 | 108,420 | (128,023) | - | - |
| | <u>1,420,133</u> | <u>1,341,511</u> | <u>462,707</u> | <u>279,370</u> | <u>3,503,721</u> |
| Other Operating Expenses: | | | | | |
| Bad debt expense (recovery) | - | 16,848 | - | 25,473 | 42,321 |
| Depreciation | 49,382 | - | - | - | 49,382 |
| Total Operating Expenses | \$ <u>1,469,515</u> | <u>1,358,359</u> | <u>462,707</u> | <u>304,843</u> | <u>3,595,424</u> |

(Continued)

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Functional Expenses, Continued

Years Ended June 30, 2022 and 2021

| | 2021 | | | | |
|----------------------------------|------------------|---------------------------|------------------|--|-----------|
| | Program Services | | Support Services | | Total |
| | Broadcasting | National Programming Unit | Administrative | Fundraising and Membership Development | |
| Operating Expenses: | | | | | |
| Salaries and fringe benefits | \$ 298,605 | 725,628 | 348,760 | 105,033 | 1,478,026 |
| Contract labor | 95,264 | 129,104 | 118,509 | 31,005 | 373,882 |
| Program acquisitions | 9,986 | 96,623 | - | - | 106,609 |
| Travel | 2,280 | 1,957 | 5,609 | - | 9,846 |
| Rent | 27,027 | 63,136 | 117,849 | 1,627 | 209,639 |
| Miscellaneous | 1,636 | 1,318 | 14,038 | 10,139 | 27,131 |
| Affiliation fees | 18,359 | - | - | - | 18,359 |
| Utilities | 57,633 | 4,115 | - | - | 61,748 |
| Subscriptions and memberships | 4,621 | 7,434 | - | 4,623 | 16,678 |
| Equipment rental and repair | 19,713 | 5,416 | - | - | 25,129 |
| Telephone | 6,489 | 15,442 | 310 | - | 22,241 |
| Insurance | - | 2,019 | 21,529 | - | 23,548 |
| Office supplies | 10,648 | 3,118 | 5,020 | 2,517 | 21,303 |
| Uplink and satellite fees | 20,154 | 6,985 | - | - | 27,139 |
| Marketing and research | 22,095 | 12,022 | 462 | 1,011 | 35,590 |
| Equipment purchased | 52,562 | 5,004 | - | - | 57,566 |
| Board | - | - | 4,613 | - | 4,613 |
| Website | 26,017 | 8,267 | 59 | 246 | 34,589 |
| Advertising and public relations | 1,500 | 889 | - | 149 | 2,538 |
| | 674,589 | 1,088,477 | 636,758 | 156,350 | 2,556,174 |
| Indirect cost allocation | - | 94,651 | (94,651) | - | - |
| | 674,589 | 1,183,128 | 542,107 | 156,350 | 2,556,174 |
| Other Operating Expenses: | | | | | |
| Bad debt expense (recovery) | - | 11,155 | - | (2,072) | 9,083 |
| Depreciation | 49,234 | - | - | - | 49,234 |
| Total Operating Expenses | \$ 723,823 | 1,194,283 | 542,107 | 154,278 | 2,614,491 |

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash Flows Provided (Used) From Operating Activities | | |
| Change in net assets | \$ 594,008 | \$ 1,624,263 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Provision for bad debt (recovery) expense | 42,321 | 9,083 |
| Depreciation | 49,382 | 49,234 |
| Unrealized (gain)/loss on investments | 860,898 | (554,007) |
| Forgiveness of SBA PPP refundable advance | - | (274,162) |
| Realized (gain)/loss on investments | (239,504) | (232,691) |
| (Increases) decreases in operating assets: | | |
| Accounts receivable | 15,738 | (88,659) |
| Grants receivable | 317,903 | (327,168) |
| Prepaid expenses | 7,118 | 17,780 |
| Increases (decreases) in operating liabilities: | | |
| Accounts payable | 72,095 | 26,167 |
| Accrued liabilities | 13,144 | (21,552) |
| Deferred revenue | (304,519) | 406,290 |
| Net cash provided (used) from operating activities | <u>1,428,584</u> | <u>634,578</u> |
| Cash Flows Provided (Used) From Investing Activities | | |
| (Purchase) of property and equipment | (11,645) | (75,717) |
| (Purchase) of investments | (517,092) | (694,004) |
| Proceeds from sale of investments | 457,154 | 705,319 |
| Net cash provided (used) from investing activities | <u>(71,583)</u> | <u>(64,402)</u> |
| Net Increase (Decrease) In Cash And Cash Equivalents | 1,357,001 | 570,176 |
| Cash And Cash Equivalents, beginning of year | <u>1,738,452</u> | <u>1,168,276</u> |
| Cash And Cash Equivalents, end of year | <u>\$ 3,095,453</u> | <u>\$ 1,738,452</u> |
| Reconciliation of cash and cash equivalents to the Statement of Financial Position: | | |
| Cash and cash equivalents | \$ 2,980,536 | \$ 1,603,596 |
| Restricted for endowment | 114,917 | 134,856 |
| | <u>\$ 3,095,453</u> | <u>\$ 1,738,452</u> |
| Supplemental disclosure: | | |
| In-kind | <u>\$ 24,456</u> | <u>\$ 42,967</u> |

See accompanying notes to financial statements.

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 1: Nature of the Organization

Reporting Entity and History

“Koahnic” is the Ahtna dialect of an Athabascan word for “Live Air.” Koahnic Broadcast Corporation (KBC) is a Native-owned and operated media center that was incorporated as a nonprofit organization under Alaska State law in 1992 to provide the first ever media service for Eskimo, Indian and Aleut residents of Southcentral Alaska. KBC’s mission is to serve as a national leader in Native media production and broadcasting. KBC fulfills its mission by operating three divisions: the National Programming Unit which produces national programs such as “National Native News”, “Native America Calling” and “Earth Songs”, KNBA 90.3 FM which is the nation’s only urban native public radio station, and operating NV1, for distributing the shows produced by the national programming unit and other shows created by independent producers. KBC’s goals are to serve as a model and resource for other Native broadcasting media organizations; to take advantage of the opportunities provided through new technologies in all areas of operations; to constantly strive to achieve a diverse financial base to support all areas of operations; to utilize the wisdom of Native elders in planning and program implementation, always respecting traditional Native values; and to market all programs and services effectively so that the maximum number of people benefit. KBC owns and operates radio station KNBA, FM 90.3, from its offices in Anchorage, Alaska.

Operating Activities

Koahnic Broadcast Corporation was formed in 1992 and is a national leader in Native media. Based in Anchorage, Alaska, with a production center in Albuquerque, New Mexico, KBC is the primary producer of Native programming for the entire public radio system. KBC programs and services bring award-winning Native journalism, public affairs, and cultural programs to listeners nationwide.

Description of Program and Supporting Services

Broadcasting - KNBA 90.3 FM Anchorage is the first Native radio station located in an urban market. Launched in 1996, KNBA has broadcast original radio programming including news, public affairs and contemporary music, with an online stream at knba.org. KNBA provides local and regional programming throughout the year, including annual statewide coverage of the Alaska Federation of Natives Convention.

KNBA’s signal reaches the Anchorage metropolitan area, Matanuska-Susitna Valley and Kenai Peninsula, and the industry’s Nielson ratings estimate average weekly listenership of 15,000 to 20,000 people, not including the thousands who regularly tune in via webstream.

Rising Indigenous Voices Radio (RIVR) launched September 2017 and is a youth-oriented online radio stream at therivr.net. RIVR mixes cultural and educational content with music that appeals to teens and young adults; and provides an ideal forum for youth-oriented and youth-produced programming.

National Programming Unit - Koahnic’s award-winning national radio programs include: Native America Calling, a weekday one-hour live moderated call-in program; National Native News, a weekday 5-minute news feature that has been recognized repeatedly for awards from the Native American Journalists Association; and Indigefi, a dynamic weekly feature spotlighting contemporary Native music.

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

National Native News, our daily five-minute newscast, is perhaps the most widely heard minority news program in the country, broadcast by 150 stations in 34 U.S. states and Canada.

National Distribution on NV1 through our distribution service, Native Voice One (NV1), Native-produced programming including Koahnic's national programs is carried on more than 400 public radio stations, translators and repeaters throughout the U.S. and abroad. KBC programs reach key metropolitan areas; and listeners across Indian Country through carriage by nearly all of the 58 Native-operated public radio stations.

Administrative - Provide supportive services for the station program services. Services including information technology, human resources, financial management, liaison to board of directors, native community, government, and other interested parties. Develops and coordinates goals and objectives, policies, and strategies.

Fundraising and Membership Development - Manage corporate, foundation, and individual giving programs.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accounting policies of KBC conform to generally accepted accounting principles as applicable to nonprofit organizations in the United States of America. The financial statements and notes are the representations of KBC's management, which is responsible for their integrity and objectivity.

The financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Audit and Accounting Guide, Not-for-Profit Entities, which incorporates by reference Financial Accounting Standards Board (FASB) Codification 958, *Financial Statements of Not-for-Profit Organizations*.

Net Assets

KBC classifies net assets into two categories: with or without donor/grantor imposed restrictions. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of KBC or by the passage of time. Other net assets with donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, but permitting all or part of the investment income earned on the contributions to be utilized without restriction.

Cash and Cash Equivalents

KBC includes cash on deposit, cash on hand, certificates of deposits, and short-term investments with original maturities less than three months, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. An allowance for doubtful accounts is management's best estimate of the amount of probable losses in existing accounts receivable. Based on KBC's experience with historical write-off, management has calculated an estimate for uncollectable receivables. Receivables are written off on a case by case basis, after all collection efforts have been exhausted.

Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributed Services

KBC recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Investment Securities

Investments in debt and equity securities with readily determinable fair values are carried at their fair values in the Statement of Financial Position. Unrealized losses or gains are included in the change in net assets in the accompanying Statement of Activities.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the June 30 year-end are recorded as prepaid expenses.

Property and Equipment

KBC reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, KBC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Office equipment consists of computers and other equipment and is carried at original cost net of depreciation. Broadcast equipment consists of studio and transmission equipment to be used in the broadcasting of programs from KNBA. Expenses for maintenance and repairs are charged to expense as incurred, and expenses for major renovations are capitalized. All expenses for equipment in excess of \$5,000 are capitalized. Depreciation is provided over the estimated useful lives of the assets (five to nine years) on a straight-line basis.

Compensated Absences

Employees earn and accrue annual leave. Annual leave is accrued and recorded as an expense in the period earned. Annual leave expected to be paid during the subsequent fiscal year is accrued as a current liability.

Advertising

Advertising and public relation costs are expensed when incurred.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deferred Revenue

Deferred revenue consists of amounts received in advance for grants, underwriting and other unearned station support which will be expended in future periods.

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

Income Taxes

Koahnic Broadcast Corporation is a nonprofit corporation exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

Although KBC is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing Federal Income Tax Form 990-T and a tax liability may be determined on these activities. KBC had no income derived from unrelated business activities as of June 30, 2022 or 2021.

KBC classifies all interest and penalties related to tax contingencies as income tax expense. As of June 30, 2022 and 2021, there were no accrued interest or penalties. As of June 30, 2022 and 2021, there were no uncertain tax positions or unrecognized tax benefits. KBC files tax returns in the U.S. Federal Jurisdiction. With few exceptions, KBC is not subject to audit of its tax returns prior to June 30, 2019.

Fair Value of Financial Instruments

KBC discloses its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the Statements of Financial Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities except for KBC's investments. The carrying amounts of KBC's investments were determined based on quoted market prices.

Revenue Recognition

Revenue is measured based on consideration specified in the contract with a customer. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in revenue recognition. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a service to a customer. Accounts receivable are due under normal trade terms, typically 30 days or less.

Performance obligations can be satisfied at a point in time or over time as work progresses. Revenue from underwriting revenue and other revenue is recognized over time using an output method when obligations under the terms of the contract with the customer are satisfied, generally on a straight-line basis over the subscription period, based on the agreed-upon contract price with the customer. Revenue from fundraising activity is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes the contribution element, if any, immediately upon receipt, unless there is a right of return if the fundraising event does not take place, and recognizes the revenue element using the output method at a point in time when the fundraising event occurs.

Contracts are often modified to account for changes in contract specifications and requirements. KBC considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for services that are

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis.

Note 3: Revenue from Contracts with Customers

KBC recognizes revenue from membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. KBC recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

KBC records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

KBC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The timing of revenue recognition, billings and cash collections results in billed accounts receivables, contract assets (reported as unbilled revenues at estimated billable amounts) and contract liabilities (reported as deferred revenues) on KBC's balance sheet. Unbilled revenues is a contract asset for revenue that has been recognized in advance of billing the customer, resulting from carriage fees delivered that KBC expects and is entitled to receive as consideration under certain contracts. Billing requirements vary by contract but substantially all unbilled revenues are billed within one year.

Accounts receivable consist primarily of noninterest-bearing amounts due for underwriting and station carriage fees. Accounts receivable at June 30, 2022, 2021, and 2020 were \$200,394, \$258,453, and \$178,877 respectively.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position. Deferred revenue at June 30, 2022, 2021, and 2020 was \$114,056, \$418,575, and \$12,285, respectively. All of the deferred revenue at June 30, 2021 and 2020 was recorded as revenue in the fiscal years ended June 30, 2022 and 2021.

Note 4: Grants Receivable

At June 30 the following grants and contracts had receivable balances:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|----------------|
| Corporation for Public Broadcasting | \$ 205,914 | 425,417 |
| State of Alaska, Department of Commerce, Community and Economic Development | - | 98,400 |
| State of Alaska, Division of Emergency Management | <u>37,434</u> | <u>37,434</u> |
| | <u>\$ 243,348</u> | <u>561,251</u> |

All grants receivable balances are expected to be collected within one year.

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

Note 5: Cash and Cash Equivalents

Koahnic Broadcast Corporation maintains all cash balances at Wells Fargo Bank Alaska located in Anchorage, Alaska. Cash accounts at the financial institution are insured by the FDIC up to \$250,000. At June 30, 2022 and 2021, \$2,735,642 and \$1,353,796, respectively, was uninsured and uncollateralized.

Note 6: Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

| | | 2022 | 2021 |
|--|----|-----------|-----------|
| Cash and cash equivalents | \$ | 2,980,536 | 1,603,596 |
| Accounts receivable, net | | 200,394 | 258,453 |
| Grants receivable | | 243,348 | 561,251 |
| Total financial assets available to meet cash needs for general expenditures within one year | \$ | 3,424,278 | 2,423,300 |

Our endowment funds consist of donor-restricted endowments and funds subject to endowment spending policy and appropriation by the board. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of KBC's liquidity management, KBC has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 7: Fair Value

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available.

KBC's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methods and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

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Notes to Financial Statements, continued

- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Corporation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information as of June 30, 2022 and 2021 about KBC's financial assets measured at fair value on a recurring basis.

| 2022 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|----------------|----------------|----------------|--------------|
| Assets | | | | |
| Aggregate bonds | \$ 1,310,855 | - | - | 1,310,855 |
| Common equities: | | | | |
| Emerging market | 102,572 | - | - | 102,572 |
| Foreign equity | 410,863 | - | - | 410,863 |
| Small Cap | 167,369 | - | - | 167,369 |
| Mid Cap | 352,983 | - | - | 352,983 |
| Large Cap | 1,037,185 | - | - | 1,037,185 |
| Total Common equities | 2,070,972 | - | - | 2,070,972 |
| Total | \$ 3,381,827 | - | - | 3,381,827 |
| 2021 | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Aggregate bonds | \$ 1,497,415 | - | - | 1,497,415 |
| Common equities: | | | | |
| Emerging market | 119,978 | - | - | 119,978 |
| Foreign equity | 480,456 | - | - | 480,456 |
| Small Cap | 196,379 | - | - | 196,379 |
| Mid Cap | 338,733 | - | - | 338,733 |
| Large Cap | 1,310,322 | - | - | 1,310,322 |
| Total Common equities | 2,445,868 | - | - | 2,445,868 |
| Total | \$ 3,943,283 | - | - | 3,943,283 |

Note 8: Investments

Investments and consist of the following as of June 30, 2022 and 2021:

| 2022 | Cost | Gross Unrealized Holding Gains (Losses) | Fair Value |
|-----------------------|--------------|---|------------|
| Assets | | | |
| Aggregate bonds | \$ 1,478,881 | (168,026) | 1,310,855 |
| Common equities: | | | |
| Emerging market | 108,991 | (6,419) | 102,572 |
| Foreign equity | 446,893 | (36,030) | 410,863 |
| Small Cap | 184,741 | (17,372) | 167,369 |
| Mid Cap | 352,998 | (15) | 352,983 |
| Large Cap | 802,482 | 234,703 | 1,037,185 |
| Total Common equities | 1,896,105 | 174,867 | 2,070,972 |
| Total | \$ 3,374,986 | 6,841 | 3,381,827 |

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

| 2021 | Cost | Gross Unrealized Holding Gains | Fair Value |
|-----------------------|--------------|-----------------------------------|------------|
| Assets | | | |
| Aggregate bonds | \$ 1,473,548 | 23,867 | 1,497,415 |
| Common equities: | | | |
| Emerging market | 79,844 | 40,134 | 119,978 |
| Foreign equity | 383,197 | 97,259 | 480,456 |
| Small Cap | 132,997 | 63,382 | 196,379 |
| Mid Cap | 229,486 | 109,247 | 338,733 |
| Large Cap | 776,472 | 533,850 | 1,310,322 |
| Total Common equities | 1,601,996 | 843,872 | 2,445,868 |
| Total | \$ 3,075,544 | 867,739 | 3,943,283 |

The contributions to the Native Program Endowment Fund (Note 10) are kept in cash and investment accounts for the purpose of creating a corpus of the fund to generate interest earnings in the future years to supplement KBC's other support and revenue sources. Investment income consisted of the following for the years ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|--------------------------------|--------------|----------|
| Interest and dividend income | \$ 59,983 | 53,751 |
| Custodial fees | (19,984) | (17,664) |
| Realized gains | 239,504 | 232,691 |
| Unrealized gains (losses) | (860,898) | 554,006 |
| Total investment income (loss) | \$ (581,395) | 822,784 |

Note 9: Property and Equipment

The following is a summary of the carrying value of property and equipment as of June 30:

| | 2022 | 2021 |
|--------------------------------|------------|---------|
| Leasehold improvements | \$ 8,840 | 8,840 |
| Office equipment | 5,779 | 5,779 |
| Broadcast equipment | 745,439 | 733,794 |
| | 760,058 | 748,413 |
| Less: accumulated depreciation | 561,116 | 511,734 |
| | \$ 198,942 | 236,679 |

Depreciation expense was \$49,382 and \$49,234 for the years ended June 30, 2022 and 2021, respectively.

Note 10: Net Assets and Endowment

Endowment

Net assets with donor restrictions, perpetual in nature consist of the Native Program Endowment Fund resulting from a native program sustainability campaign beginning in 2001, which corpus is to be held indefinitely, the income from which is temporarily restricted to sustain Native programming for national audiences and support and development of new content for broadcast and for distribution through emerging technologies.

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

Interpretation of Relevant Law

The board has interpreted the State Management of Institutional Funds Act (SMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, KBC classifies as Net assets with donor restrictions, perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in Net assets with donor restrictions, perpetual in nature is classified as Net assets with donor restrictions, purpose restrictions until those amounts are appropriated for expenditure by KBC in a manner consistent with the standard of prudence prescribed by SMIFA. In accordance with SMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

Endowment Investment and Spending Policy

Policy Objective:

- A. To ensure a stable source of funds to support Koahnic's news and information gathering, cultural and Native music programming.
- B. To allow for growth of the endowment by reinvesting earnings and capital appreciation.
- C. To protect and keep the principal (corpus) of the endowment inviolate.

Policy:

The Fund's principal will be permanently endowed and protected and only the earnings will be used. The principal will never be used for Koahnic operating, program or any other organizational expenses.

The Fund principal's size will be considered adequate when it reaches the value of \$2 million.

The Fund will maintain a strategy of balance between equity and fixed income securities. The Funds' investments shall be diversified as to sector, quality and maturity. The Fund will manage its investments with a long-term view and seek to achieve returns commensurate with marketplace for equity securities and intermediate term fixed income securities.

I. Fixed income Securities

Authorized Investments:

- i. Fixed income mutual funds or a diversified, managed portfolio of government and corporate bonds. The mutual funds or bond portfolio will have an average duration of immediate term and generally seek to achieve or exceed the performance of the Lehman Brothers Intermediate Term Government/Corporate Index.
- ii. Managed portfolios will permit the following investments:
 1. Cash, certificates of deposit, Bankers acceptances, CDs/Bas, and Euro dollar CDs.
 2. US Treasury Bonds, Notes and Bills, and debt issued by the US Government Agencies.
 3. Corporate bonds

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

II. Equity Securities

Authorized Investments:

- i. Mutual funds or a professionally managed, diversified portfolio of equity securities as the Finance Committee may deem appropriate. Such equity securities may include common stocks, preferred stocks, convertible preferred stocks, and convertible bonds.

III. Alternative Investments

No alternative investments shall be allowed.

IV. Asset Allocation

a. Target Asset Allocation:

- i. US Equity 60-70%
- ii. Bond 30-40%

- b. The range is subject to change based on the recommendation of the consultant and approval by the Finance Committee.

c. Rebalancing:

- i. The actual asset allocations relative to this policy will be monitored on a quarterly basis and considered for rebalancing at least annually.
- ii. The actual asset allocations relative to this policy will be monitored on a quarterly basis and considered for rebalancing at least annually.
- iii. The targets and the ranges for each Asset Class represent the most basis of asset allocations. The Asset Classes are Domestic Equity, International Equity, and Fixed Income. Since the asset allocation models are most dependent upon these allocations, they may need to be adjusted more frequently than the Styles.
- iv. In the event that the Asset Class allocations fall outside their ranges, for reasons including but not limited to market price fluctuations, KBC will promptly consider rebalancing the Asset Classes to bring them into compliance with these guidelines. Asset Class rebalancing must be done (or at least determined) prior to Style rebalancing. This sequence is important.
- v. The targets for individual Styles will be stated in percentages of the Asset Class. The ranges for individual Styles may be allowed to go somewhat longer before rebalancing. Note that the sum of the Style allocations for a given Asset Class will be 100%.

V. Endowment Spending Policy

Underlying the spending policy is the need to maintain the purchasing power of the endowment income, thereby protecting the real value of the endowment principal.

KBC board's objective to establish a payout rate from the endowment account that provides a stable, predictable level of spending for the endowed purposes, and that provides for a rate of growth in the endowment that meets or exceeds the rate of inflation. To the extent that the current year return is insufficient to meet the specified payout, the prior year's income may be drawn upon, but only to the extent that endowment principal is not invaded.

In the absence of instructions to the contrary in a particular endowment agreement, principal shall be defined to include both the original gift and any subsequent donation, with the exception that any other accumulation or appreciation will be expendable.

Spending procedures:

Per board approval an assessment is calculated at the end of each year, based on the average of the ending account balance for the prior three years, and deposited in the operating account of the company.

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Notes to Financial Statements, continued

The amount available for payout each fiscal year will be based on 4% of the average of the market values on June 30th for each of the three years immediately preceding the fiscal year in which the payout is to be made. (For example, the average of the market values at 6/30/19, 6/30/20, and 6/30/21 would determine the payout amount that would be distributed for fiscal year 2022.) Any income from dividends, interest and capital appreciation, and both realized and unrealized, will be reinvested for growth and to preserve the purchasing power of the distributions against inflation.

VI. Endowment Spending Priorities

- a. The Board has determined that the Fund's earnings available for payout each fiscal year will be used for Native radio programming of KBC, including both direct and administrative costs. Such programming may include:
 - i. Native cultural and/or news programming to be broadcast on KNBA-FM
 - ii. National Native News
 - iii. Native America Calling
 - iv. Native Voice One
 - v. Earthsongs
 - vi. Other news and cultural programming produced by KBC.

Endowment

| | 2022 | 2021 |
|--|----------------------------|----------------------------|
| | With Donor Restrictions | With Donor Restrictions |
| Donor-restricted endowment funds | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor Accumulated investment gains | \$ 1,641,957 | 1,641,957 |

Net Assets

| | 2022 | 2021 |
|---|--------------|-----------|
| Subject to expenditure for specified purpose – | | |
| Broadcast programming | \$ 155,805 | 178,026 |
| Capital improvements | 25,000 | - |
| | \$ 180,805 | 178,026 |
| Endowments: | | |
| Subject to NFP endowment spending policy and appropriation – national broadcasting | \$ 1,855,535 | 2,436,930 |
| Not subject to spending policy or appropriation – beneficial interests in perpetual trusts | 1,641,957 | 1,641,957 |
| | 3,497,492 | 4,078,887 |
| Total net assets with donor restrictions | \$ 3,678,297 | 4,256,913 |
| | 2022 | 2021 |
| Net assets released from donor restrictions | \$ 178,026 | 87,000 |

KOAHNIC BROADCAST CORPORATION

Notes to Financial Statements, continued

Note 11: Donated Services

The KBC receives services from various organizations for administration services, to operate the station, and to host the annual fundraiser. Donated services, which met the criteria for recognition as in-kind services for 2022 and 2021, were as follows:

| | | 2022 | 2021 |
|--------------|----|--------|--------|
| Underwriting | \$ | 24,456 | 42,967 |

Note 12: Defined Contribution 401(k) Plan

KBC maintains a 401(k) defined contribution plan administered by Fidelity Investments, which covers fulltime employees at their date of hire. Under the Plan, KBC provides an employer contribution of 4% of the employee's gross wages after 1,000 hours of service. In addition, KBC contributes 3% of employee eligible wages for those employees who were hired prior to January 1, 2008. Employees fully vest in the plan after the completion of three years of service. Employees may contribute to the plan from the date of hire and employee loans are permitted. Normal retirement under the plan is age 65 or, if later, the fifth anniversary of the employee's commencement date. Employee directed funds may be accessed after age 59 ½. Retirement benefits are received after retirement, death, disability or termination and consist of amounts contributed by KBC on behalf of the employees and their pro rata share of earnings thereon.

The total amount contributed by KBC for the calendar years ended December 31, 2022 and 2021 was \$53,194 and \$63,229, respectively. Employees are entitled to receive retirement benefits after retirement, death, disability or termination, of the amount contributed by KBC.

Note 13: Commitments, Contingencies and Subsequent Events

In the ordinary course of business, KBC may be involved in legal actions incidental to its operations. In the opinion of management, the ultimate liability, if any, of such actions will not materially affect KBC's financial statements.

Management has evaluated subsequent events through January 24, 2023, the date which the financial statements were available for issue, no items were considered necessary for disclosure.

Note 14: Concentration of Support and Revenue

Koahnic Broadcast Corporation received 23% and 25% of its support and revenue during years ended June 30, 2022 and 2021, respectively, from the Corporation for Public Broadcasting. A significant reduction in the level of this support, if this were to occur, would have an effect on Koahnic Broadcast Corporation programs and activities.

Note 15: Indirect Cost Allocation

Indirect costs that benefit all programs are not directly charged to programs. Indirect costs are allocated to each program based upon an agreement negotiated with the cognizant agency which provides for allocation of indirect costs based upon total direct expenses of each contract or grant, less exclusions for equipment purchases and other capital expenditures, certain sub-recipients, and other direct payments of financial assistance to or on behalf of eligible individuals, which are not subject to a recovery rate. Indirect costs allocated to the various contracts and grants have been made at the current negotiated rates unless otherwise provided by contractual agreement. Any other recovery or under

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Notes to Financial Statements, continued

recovery of actual indirect costs for the year recovered or refunded to the grantor, if required, except that under recoveries may be subject to the availability of funds from the grantor.

Note 16: Related Parties

KBC leases office space from CITC, which is considered a related party as both CITC and KBC share a common board member. Total expenses incurred to the related party, including rent and fees for computer services, for the year ended June 30, 2022 and 2021 was \$195,229 and \$205,270 respectively. KBC also generated support of \$443,908 and revenue of \$7,750 for the year ended June 30, 2022 and support of \$17,250 and revenue of \$6,000 for the year ended June 30, 2021 from CITC. At June 30, 2022 and 2021, the KBC was liable to CITC for \$4,750 and \$36,038 respectively.

The following is a schedule of future lease payments under the CITC lease for the years ended June 30:

| | |
|------------|---------------------|
| 2023 | \$ 195,229 |
| 2024 | 195,229 |
| 2025 | 195,229 |
| 2026 | 195,229 |
| 2027 | 195,229 |
| Thereafter | <u>618,227</u> |
| | <u>\$ 1,594,372</u> |

KBC also contracts with Alexis Sallee Multimedia, LLC, a related party, for professional services and promotional expenses. Total expenses incurred to Alexis Sallee Multimedia during the years ended June 30, 2022 and 2021 was \$155,617 and \$28,748 respectively. At June 30, 2022 and 2021, there was \$0 and \$20,415 owed to Alexis Sallee Multimedia, LLC.

Note 17: Accounting Pronouncements issued But Not Yet Adopted or Currently in Effect

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of out leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the entities' fiscal years beginning after December 15, 2021 with early adoption permitted.