

PICKLE HILL PUBLIC BROADCASTING, INC.

FINANCIAL STATEMENTS

(With Independent Auditor's Report Thereon)

Years Ended June 30, 2022 and 2021



PORTER & ALLISON
— INC —
CERTIFIED PUBLIC ACCOUNTANTS

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PICKLE HILL PUBLIC BROADCASTING, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16



PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors of
Pickle Hill Public Broadcasting, Inc.
Anchorage, Alaska

Opinion

We have audited the accompanying financial statements of Pickle Hill Public Broadcasting, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Pickle Hill Public Broadcasting, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Pickle Hill Public Broadcasting, Inc. as of June 30, 2021 were audited by other auditors whose report dated February 11, 2022 expressed an unmodified opinion on those statements.

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 Pickle Hill Public 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 Pickle Hill Public 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 Pickle Hill Public 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
February 10, 2023

FINANCIAL STATEMENTS

PICKLE HILL PUBLIC BROADCASTING, INC.

Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets:		
Cash and cash equivalents	\$ 492,511	\$ 470,633
Underwriting receivables	8,183	10,399
Accounts receivable	1,782	1,880
Prepaid expenses	3,458	2,382
Total Current Assets	505,934	485,294
Property and equipment, net of accumulated depreciation	83,684	58,582
Beneficial interest in KDLL Endowment Fund	45,163	50,000
Total Assets	<u>\$ 634,781</u>	<u>\$ 593,876</u>
Liabilities and Net Assets		
Current Liabilities:		
Due to Kachemak Bay Broadcasting, Inc.	\$ 76,616	\$ 29,273
Accrued expenses	9,680	8,938
Underwriting deposits	7,295	4,126
Refundable advances	92,693	208,166
Total Liabilities	186,284	250,503
Net Assets:		
With donor restriction	45,163	50,000
Without donor restrictions	403,334	293,373
Total Net Assets	448,497	343,373
Total Liabilities and Net Assets	<u>\$ 634,781</u>	<u>\$ 593,876</u>

See accompanying notes to financial statements.

PICKLE HILL PUBLIC BROADCASTING, INC.

Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Activities from Operations:						
Support and Revenues:						
Support:						
CPB and federal grants	\$ 242,158	-	242,158	\$ 286,350	-	286,350
Other grants	27,880	-	27,880	5,000	-	5,000
Forgiveness of PPP loan	-	-	-	18,640	-	18,640
Total Support	<u>270,038</u>	<u>-</u>	<u>270,038</u>	<u>309,990</u>	<u>-</u>	<u>309,990</u>
Revenues:						
Government contracts	74,420	-	74,420	57,033	-	57,033
Memberships	63,224	-	63,224	53,237	-	53,237
Donated services and support	48,564	-	48,564	87,127	50,000	137,127
Special events and fundraising	6,875	-	6,875	3,412	-	3,412
Other	2,300	-	2,300	2,300	-	2,300
Total Revenues	<u>195,383</u>	<u>-</u>	<u>195,383</u>	<u>203,109</u>	<u>50,000</u>	<u>253,109</u>
Total Support and Revenues	<u>465,421</u>	<u>-</u>	<u>465,421</u>	<u>513,099</u>	<u>50,000</u>	<u>563,099</u>
Expenses:						
Program services	194,298	-	194,298	194,440	-	194,440
Management and general	146,097	-	146,097	141,509	-	141,509
Fundraising	15,065	-	15,065	37,631	-	37,631
Total Expenses	<u>355,460</u>	<u>-</u>	<u>355,460</u>	<u>373,580</u>	<u>-</u>	<u>373,580</u>
Change in Net Assets from Operating Activities	<u>109,961</u>	<u>-</u>	<u>109,961</u>	<u>139,519</u>	<u>50,000</u>	<u>189,519</u>
Non-Operating Activities:						
Net investment return from beneficial interest	<u>-</u>	<u>(4,837)</u>	<u>(4,837)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	109,961	(4,837)	105,124	139,519	50,000	189,519
Net Assets, beginning of year	<u>293,373</u>	<u>50,000</u>	<u>343,373</u>	<u>153,854</u>	<u>-</u>	<u>153,854</u>
Net Assets, end of year	<u>\$ 403,334</u>	<u>45,163</u>	<u>448,497</u>	<u>\$ 293,373</u>	<u>50,000</u>	<u>343,373</u>

See accompanying notes to financial statements.

PICKLE HILL PUBLIC BROADCASTING, INC.

Statements of Functional Expenses

Year Ended June 30, 2022

	Programming and Production	Broadcasting and Technical	Total Program	Management and General	Fundraising	Total
Expenses:						
Salaries and wages	\$ 80,553	-	80,553	37,846	-	118,399
Management fees	12,636	-	12,636	48,156	-	60,792
Programming and production costs	27,671	379	28,050	-	-	28,050
Utilities	-	20,291	20,291	6,131	-	26,422
Supplies	1,309	-	1,309	7,613	14,290	23,212
Rent	-	-	-	19,800	-	19,800
Technical support	(585)	18,908	18,323	-	-	18,323
Professional services	120	-	120	13,200	-	13,320
Repairs and maintenance	1,345	10,207	11,552	-	-	11,552
Subscriptions and memberships	160	6,487	6,647	347	-	6,994
Bank charges	729	-	729	6,061	-	6,790
Software	-	5,463	5,463	-	-	5,463
Insurance	-	-	-	5,080	-	5,080
Depreciation	-	2,813	2,813	-	-	2,813
Advertising	2,430	-	2,430	-	-	2,430
Bad debt	1,100	-	1,100	-	-	1,100
Miscellaneous	2,282	-	2,282	1,863	775	4,920
Total Expenses	\$ 129,750	64,548	194,298	146,097	15,065	355,460

See accompanying notes to financial statements.

PICKLE HILL PUBLIC BROADCASTING, INC.

Statements of Functional Expenses, continued

Year Ended June 30, 2021

	Programming and Production	Broadcasting and Technical	Total Program	Management and General	Fundraising	Total
Expenses:						
Salaries and wages	\$ 59,656	-	59,656	34,840	17,009	111,505
Management fees	9,477	-	9,477	51,315	-	60,792
Utilities	-	44,627	44,627	4,713	-	49,340
Programming and production costs	28,245	-	28,245	-	-	28,245
Rent	-	-	-	24,200	-	24,200
Technical support	-	17,817	17,817	-	-	17,817
Software	-	17,662	17,662	-	-	17,662
Supplies	-	-	-	1,887	13,300	15,187
Professional services	1,353	-	1,353	13,200	-	14,553
Technical equipment	-	9,001	9,001	-	-	9,001
Bank charges	-	237	237	4,178	1,232	5,647
Insurance	-	-	-	4,743	-	4,743
Advertising	-	-	-	-	3,800	3,800
Depreciation	-	3,174	3,174	-	-	3,174
Repairs and maintenance	-	1,733	1,733	-	-	1,733
Travel	-	388	388	1,035	-	1,423
Miscellaneous	919	151	1,070	1,398	2,290	4,758
Total Expenses	\$ 99,650	94,790	194,440	141,509	37,631	373,580

See accompanying notes to financial statements.

PICKLE HILL PUBLIC BROADCASTING, INC.

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash received from customers	\$ 355,431	\$ 601,138
Cash paid to suppliers and employees	(305,638)	(372,379)
Net Cash Flows from Operating Activities	<u>49,793</u>	<u>228,759</u>
Cash Flows from Investing Activities:		
Purchases of equipment	(27,915)	-
Purchase of investments	-	(50,000)
Net Cash Flows from Investing Activities	<u>(27,915)</u>	<u>(50,000)</u>
Net Change in Cash and Cash Equivalents	21,878	178,759
Cash and Cash Equivalents, beginning of year	<u>470,633</u>	<u>291,874</u>
Cash and Cash Equivalents, end of year	<u>\$ 492,511</u>	<u>\$ 470,633</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities:		
Change in Net Assets	\$ 105,124	\$ 189,519
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	2,813	3,174
Investment loss	4,837	-
(Increase) decrease in assets:		
Underwriting receivables	2,216	11,805
Accounts receivable	98	9,936
Prepaid expenses	(1,076)	214
Increase (decrease) in liabilities:		
Accounts payable	-	(2,900)
Accrued expenses	742	173
Underwriting deposits	3,169	(896)
Due to Kachemak Bay Broadcasting, Inc.	47,343	(48,825)
Refundable advances	(115,473)	66,559
Net Cash Flows from Operating Activities	<u>\$ 49,793</u>	<u>\$ 228,759</u>

See accompanying notes to financial statements.

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 1 – Nature of Operations

Pickle Hill Public Broadcasting, Inc. (the Corporation) is a public, nonprofit radio station incorporated to provide and promote noncommercial educational radio broadcasting in the Kenai Peninsula area.

Note 2 – Summary of Significant Accounting Policies

The summary of significant accounting policies of the Corporation is presented to aid in understanding the Corporation's financial statements. The financial statements and notes are the representations of Corporation's management, which is responsible for their integrity and objectivity. These accounting principles conform to accounting principles generally accepted in the United States of America.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Revenues and support are recorded when earned and expenses are recorded when incurred.

Method of Accounting

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

Net Assets

Under the provisions of the Guide, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and maybe expended for any purpose in performing the primary objectives of the Corporation. The Corporation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors or grantors for specific operating purposes. Some donor restrictions are temporary in nature which will be met by actions of the Corporation or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

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

Underwriting Receivables

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

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Underwriting receivables are stated at unpaid balances, less an allowance for doubtful accounts. 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 receivable will not be collected.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date, that is, other than in a forced liquidation or distress sale.

The Corporation's financial assets and liabilities carried at fair value have been classified based on a hierarchy defined by ASC 820. 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 methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level of 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.

Level 2 – Inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities in active markets, quoted prices.

Level 3 – Inputs are unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in fair value methodologies used during the years ended June 30, 2022 or 2021. The asset or liability'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 maximize the use of relevant observable inputs and minimize the use of the unobservable inputs. The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values.

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Furthermore, while the Corporation believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Corporation's financial assets and liabilities carried at fair value have been classified on a hierarchy as defined in generally accepted accounting standards and are generally measured using the market approach or the income approach.

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, decrease in liabilities, 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. Unconditional promises to give are stated in the statement of financial position at their estimated realizable value and are expected to be received in less than one year.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Pickle Hill Public 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.

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 lives of the property, which ranges from five to thirty-five years.

Intangible Assets

Pickle Hill Public Broadcasting, Inc. amortizes their public broadcasting license on a straight line basis over ten years.

Estimates and Assumptions

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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.

Advertising and Promotion

The Corporation uses advertising to promote their programs among the audience they service. Production costs of advertising and promotional activities are expensed as incurred.

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 is classified as other than a private foundation.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2022 or 2021.

The Corporation files its forms 990 and 990T in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Alaska. The Corporation's federal and state income tax returns are subject to examination by federal and state local taxing authorities, generally for three years after they are filed.

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.

Subsequent Events

Subsequent events have been evaluated through February 10, 2023, which is the date the financial statements were available to be issued.

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 3 – Concentrations

Financial Instruments

Financial instruments which potentially subject the Corporation to concentrations of risk are demand deposits held in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount. These cash balances are insured by the FDIC up to \$250,000. At June 30, 2022 and 2021, the Corporation's cash balances exceeded insured and collateralized amounts by \$240,126 and \$264,592, respectively.

Contributions

The Corporation received approximately 52% and 37% of its total support and revenues for the years ended June 30, 2022, and 2021, respectively, from Corporation for Public Broadcasting. The Corporation is at risk that the funding from these or other significant sources may be either reduced or eliminated in future periods which could have a significant impact on the Corporation's programs and activities.

Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	2022	2021
Broadcast equipment	\$ 216,943	\$ 216,943
Land	42,742	47,742
Building and improvements	32,048	32,048
Furniture and fixtures	10,397	10,397
Work in progress	27,914	-
	<u>330,044</u>	<u>302,130</u>
Accumulated depreciation	<u>(246,360)</u>	<u>(243,548)</u>
Property and equipment, net	<u>\$ 83,684</u>	<u>\$ 58,582</u>

Note 5 – Intangible Assets

The Corporation owns a broadcasting license with a historical cost of \$5,000. At June 30, 2022 and 2021, the license was fully amortized and has a net book value of \$0.

Note 6 – Beneficial Interest in KDLL Endowment Fund with Alaska Community Foundation

During the year ended June 30, 2021, the Corporation established an endowment fund with the Alaska Community Foundation (the Foundation) under the foundation's agency program and known as KDLL Endowment Fund (the Fund) and named the Corporation as the beneficiary. The Corporation granted power to the Foundation to modify any condition or restriction on its distributions, except for variance power. The fund is held and invested by the Foundation for the benefit of the Corporation 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.

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

A summary of the Fund's contributions and investment income for the year ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance, July 1	\$ 50,000	\$ -
Earnings (loss)	(4,247)	-
Management fees	<u>(590)</u>	<u>-</u>
Net Earnings (loss)	(4,837)	-
Contributions	-	50,000
Disbursement	<u>-</u>	<u>-</u>
Ending balance, June 30	\$ <u>45,163</u>	\$ <u>50,000</u>

Note 7 – Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

Beneficial interest in KDLL Endowment Fund for the year ending:	<u>Level 3</u>	<u>Total</u>
June 30, 2022	\$ <u>45,163</u>	<u>45,163</u>
June 30, 2021	\$ <u>50,000</u>	<u>50,000</u>

The Corporation considers the measurement of its beneficial interest in the KDLL Designated Endowment Fund held at the Alaska Community Foundation to be a Level 3 measurement within the fair value measurement hierarchy because, certain investments of the ACF, which include private placements and other securities for which prices are not readily available, are determined by the management of the ACF. 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, 2022 or 2021.

Note 8 – Vendor Agreement

The Corporation operates under a vendor agreement with Kachemak Bay Broadcasting, Inc. (KBBI). Under the terms of the agreement, KBBI provides programming and manages all aspects of the operation of Pickle Hill Public Broadcasting, Inc. The management fee was \$60,792 for the years ended June 30, 2022 and 2021.

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 9 – Donated Services

The value of donated services and supplies for the years ended June 30, 2022 and 2021 is \$1,345 and \$22,158, respectively. The corresponding expenses allocated within the financial statements for the years ended June 30, 2022 and 2021 are as follows:

Year Ended June 30, 2022	Broadcasting and Technical	Management and General	Total
Repairs and maintenance	\$ 1,345	-	1,345

Year Ended June 30, 2021	Broadcasting and Technical	Management and General	Total
Technical support	\$ 12,817	-	12,817
Utilities	6,180	-	6,180
Rent occupancy	-	2,100	2,100
Repairs and maintenance	1,061	-	1,061
	\$ 20,058	2,100	22,158

Additionally, numerous volunteers have donated significant time to the Corporation's program services and fundraising efforts. No amounts have been reflected in the accompanying financial statements for the value of these services.

Note 10 – PPP Refundable Advance

During the year ended June 30, 2021, the Corporation received a loan passed through Kachemak Bay Broadcasting, Inc. in the amount of \$18,640 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 10 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. The loan was forgiven in full, and a gain on forgiveness of the loan was recognized during the year ended June 30, 2021, consistent with the period of the covered expenses used to qualify for loan forgiveness.

Note 11 – CARES Grant Funding

During the year ended June 30, 2021, the Corporation received grant funds in relation to the CARES Relief packages directly from the Corporation of Public Broadcasting, Inc. for \$200,114. Of this amount, the Corporation expended \$200,114 and \$0 during the years ended June 30, 2022 and 2021. At July 1, 2021, the full amount of the funding was recorded as refundable advances on the statement of financial position.

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

During the year ended June 30, 2021, the Corporation also expended previously received CARES relief funds of \$141,607 which were recognized as refundable advances at July 1, 2020.

Note 12 – Gaming Accounts

The State of Alaska Gaming Regulations requires the Corporation to designate a bank account for all gaming transactions, to deposit gaming revenue within three calendar days of the close of each gaming activity, and for all disbursements from the gaming accounts to be made by check with two authorized signatures. The Corporation maintains an annual gaming permit from the State of Alaska for raffle and pull tab activities. Cash on hand in the gaming account is \$3,535 and \$3,600 for the years ended June 30, 2022 and 2021, respectively, which is included in cash and cash equivalents.

Note 13 – Commitments and Contingencies

Grants from federal, state, and local governmental entities are subject to audit and adjustment by these agencies or their representatives. Accordingly, adjustments of amounts received under grants and contracts could result if the grants or contracts are audited and any expenses are disallowed. Any disallowed claims, including amounts already collected, could become a liability of the Corporation.

The Corporation conducted gaming activities based on its understanding and interpretation of gaming statutes and regulations. Such statutes and regulations may be changed or interpreted differently by state gaming authorities. As a result, notices may be issued, inquiries may be made, or audits may be conducted by the State of Alaska Division of Charitable Gaming. Costs of responding to future notices, inquiries, or audits, if any, cannot be determined. Therefore, no provision for these costs have been included in the financial statements.

Note 14 – Net Assets

Net assets restricted by donor as to time or purpose were as follows at June 30:

	2022	2021
Endowment Fund (perpetuity restriction)	\$ 45,163	\$ 50,000

Net assets changes within donor restrictions through investment income (loss) or by distributions of funds from the beneficial interest for the years ended June 30:

	2022	2021
Endowment Fund Investment Loss	\$ (4,837)	\$ -

PICKLE HILL PUBLIC BROADCASTING, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

The Corporation's Board of Directors has placed the following designations of net assets without donor restrictions:

	2022	2021
Undesignated	\$ 319,650	\$ 234,791
Net investment in property and equipment	83,684	58,582
	<u>\$ 403,334</u>	<u>\$ 293,373</u>

Note 15 – Liquidity and Availability of Financial Assets

The Corporation's financial assets available within one year of June 30, 2022 and 2021 for general expenditures are as follows:

	2022	2021
Cash and cash equivalents	\$ 492,511	\$ 470,633
Underwriting receivables	8,183	10,399
Accounts receivable	1,782	1,880
Financial assets available to meet general expenditures within one year	<u>\$ 502,476</u>	<u>\$ 482,912</u>

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

Note 16 – 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 financial position and disclosing key information about 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.