

**Kuskokwim Public
Broadcasting Corporation**

Audited Financial Statements

June 30, 2018 and 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activity.....	3
Statements of Functional Expenses	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6-8

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kuskokwim Public Broadcasting, Inc.
McGrath, Alaska

We have audited the accompanying financial statements of Kuskokwim Public Broadcasting, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activity, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kuskokwim Public Broadcasting, Inc., as of June 30, 2018 and 2017, 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.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

November 21, 2018

KUSKOKWIM PUBLIC BROADCASTING CORPORATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents		
Unrestricted	\$ 536,503	\$ 591,183
Restricted	-	92,070
Grants Receivable	87,768	7,611
Deposits and Accounts Receivable	7,080	2,505
Prepaid Expenses	7,130	5,308
TOTAL CURRENT ASSETS	<u>638,481</u>	<u>698,677</u>
PROPERTY AND EQUIPMENT (Note 1)		
Land	10,000	10,000
Buildings	202,942	202,942
Broadcast Equipment	234,553	234,553
Furniture and Fixtures	86,587	86,587
	<u>534,082</u>	<u>534,082</u>
LESS ACCUMULATED DEPRECIATION	<u>(429,221)</u>	<u>(410,564)</u>
PROPERTY AND EQUIPMENT - NET	<u>104,861</u>	<u>123,518</u>
TOTAL ASSETS	<u>\$ 743,342</u>	<u>\$ 822,195</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,081	\$ 17,061
Accrued Vacation Payable	5,300	-
Payroll Liabilities	2,811	5,494
Deferred Revenue	-	92,070
	<u>11,192</u>	<u>114,625</u>
TOTAL LIABILITIES	<u>11,192</u>	<u>114,625</u>
NET ASSETS		
Unrestricted Net Assets		
Undesignated	398,073	354,836
Board Designated	229,216	229,216
Net Investment in Plant	104,861	123,518
	<u>732,150</u>	<u>717,651</u>
TOTAL NET ASSETS	<u>732,150</u>	<u>717,651</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 743,342</u>	<u>\$ 822,195</u>

See Independent Auditor's Report and Notes to the Financial Statements

KUSKOKWIM PUBLIC BROADCASTING CORPORATION

STATEMENTS OF ACTIVITY

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS		
Revenue and Support		
Grants	\$ 240,714	\$ 251,523
Membership Dues	9,012	12,640
Underwriting	12,074	17,030
Fundraising	23,727	55,473
Local Donations	1,010	10
Interest	321	327
Rental Income	15,220	17,490
Other Income	402	-
In-Kind Services	5,925	12,552
Total Revenue and Support	<u>308,405</u>	<u>367,045</u>
Expenses		
Programming and Production	87,525	78,038
Broadcasting and Technical	48,882	61,234
Administration	123,795	132,422
Fundraising	23,623	48,156
Total Expenses	<u>283,825</u>	<u>319,850</u>
INCREASE (DECREASE) IN NET ASSETS	24,580	47,195
NET ASSETS AT BEGINNING OF YEAR, as previously stated	<u>707,570</u>	<u>670,456</u>
Prior Period Adjustment (Note 9)	-	(10,081)
NET ASSETS AT BEGINNING OF YEAR, restated	<u>707,570</u>	<u>660,375</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 732,150</u></u>	<u><u>\$ 707,570</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

KUSKOKWIM PUBLIC BROADCASTING CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

JUNE 30, 2018 AND 2017

	Programming and Production	Broadcasting and Technical	Administration	Fund Raising	2018 Totals
FUNCTIONAL EXPENSES					
Personnel	\$ 74,801	\$ -	\$ 32,058	\$ -	\$ 106,859
Programming and Production	12,724	30,085	-	-	42,809
Utilities	-	-	19,340	-	19,340
Telephone and Postage	-	-	2,841	-	2,841
Contract Services	-	-	43,329	-	43,329
Supplies	-	-	1,347	15,214	16,561
Insurance	-	-	13,530	-	13,530
Repairs and Maintenance	-	140	3,439	-	3,579
Travel	-	-	4,847	-	4,847
Other	-	-	1,144	4,404	5,548
Depreciation	-	18,657	-	-	18,657
Inkind Expense	-	-	1,920	4,005	5,925
TOTALS	\$ 87,525	\$ 48,882	\$ 123,795	\$ 23,623	\$ 283,825

	Programming and Production	Broadcasting and Technical	Administration	Fund Raising	2017 Totals
FUNCTIONAL EXPENSES					
Personnel	\$ 60,263	\$ -	\$ 25,827	\$ -	\$ 86,090
Programming and Production	17,775	40,030	-	-	57,805
Utilities	-	1,515	17,426	-	18,941
Telephone and Postage	-	-	5,301	-	5,301
Contract Services	-	-	43,448	-	43,448
Supplies	-	-	3,404	32,515	35,919
Insurance	-	-	14,846	-	14,846
Repairs and Maintenance	-	925	2,017	-	2,942
Travel	-	-	17,827	-	17,827
Other	-	-	1,906	3,509	5,415
Depreciation	-	18,764	-	-	18,764
Inkind Expense	-	-	420	12,132	12,552

KUSKOKWIM PUBLIC BROADCASTING CORPORATION
STATEMENTS OF CASH FLOWS
JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 24,580	\$ 47,195
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	18,657	18,764
(Increase) Decrease in operating assets		
Grants Receivable	(80,157)	(7,109)
Deposits and Accounts Receivable	(4,575)	(2,505)
Prepaid Expenses	(1,822)	(1,454)
Deferred Revenue	(92,070)	(970)
Increase (Decrease) in operating liabilities		
Accounts Payable	(13,980)	1,869
Accrued Vacation	5,300	-
Payroll Taxes Payable	(2,683)	4,670
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(146,750)	60,460
BEGINNING CASH AND CASH EQUIVALENTS	683,253	622,793
ENDING CASH AND CASH EQUIVALENTS	\$ 536,503	\$ 683,253

See Independent Auditor's Report and Notes to the Financial Statements

KUSKOKWIM PUBLIC BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Kuskokwim Public Broadcasting Corporation (KSKO) is a non-profit public radio station incorporated to provide and promote noncommercial educational radio broadcasting in the western interior of Alaska. The financial statements are presented on the accrual basis of accounting. The more significant accounting policies are summarized below.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. 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 that are used.

Revenue and Support – In accordance with FASB ASC 958-065, *Not-for-Profit Entities: Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Financial Statement Presentation – The Organization has adopted FASB ASC 958-205 “*Not-for-Profit Entities: Presentation of Financial Statements*”. Under FASB ASC 958-205 information regarding the Corporation’s financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donated Materials and Services – Donated materials and services meeting the criteria of FASB ASC 958-205 “*Not-for-Profit Entities: Presentation of Financial Statements*” are recorded at their estimated fair value as of the date of the contribution. The amount of the contribution is presented as both support and expense in the accompanying financial statements.

Cash and Cash Equivalents – For purposes of the statement of cash flows, KSKO considers all demand deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment – 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 range from five to fifteen years. The organization does not have a capitalization policy. Expenditures for repairs and maintenance are charged against operations as incurred.

See accompanying Independent Auditor’s Report

KUSKOKWIM PUBLIC BROADCASTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes – KSKO is exempt from federal and state income taxes as a non-profit corporation under Section 501 (c) (3) of the Internal Revenue Code and is classified as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 – MAJOR FUNDING SOURCES

KSKO received \$61,802 and \$93,053 in 2018 and 2017, respectively from the State of Alaska and \$178,912 and \$185,607 from the Corporation for Public Broadcasting during the fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 3 – CASH

In previous years, the Board of Directors designated \$229,216 in cash to be available for purposes of acquiring a new facility for the station. In recent years the Board approved transfers into the general operating fund account to sustain the station during periods of funding shortfalls. The Board has not withdrawn the cash designation and therefore, significant cash at June 30, 2018 and 2017 is designated for purposes other than general operations.

For the statement of cash flows, the Organization includes cash on deposit, cash on hand and short-term investments with original maturities less than three months as cash equivalents. At June 30, 2018 and 2017, all deposits with financial institutions were fully insured by the FDIC.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

KSKO receives grants that are subject to audit and adjustment by the grantor agencies. Any expenditure disallowed as a result of such an audit and for which grant monies had been expended would become a liability of KSKO. At June 30, 2018, no such audit was pending and the management of KSKO does not anticipate any such liability arising that would have a material effect on the financial condition of KSKO.

NOTE 5 – DONATED VOLUNTEER SERVICES

Numerous volunteers have donated significant amounts of time to KSKO's program services and fund-raising efforts for the fiscal years ended June 30, 2018 and 2017. No amounts have been reflected in the accompanying financial statements for the fair value of these volunteer services.

KUSKOKWIM PUBLIC BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 and 2017

NOTE 6 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program and Production – Includes the personnel and direct production costs related to public broadcast programming.

Broadcasting and Technical – Includes the direct costs for maintenance, support and replacement of the facility and equipment used for public broadcasting.

Administration – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the General Manager; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising – Provides the structure necessary to encourage and secure private financial support.

NOTE 7 – PROPERTY AND EQUIPMENT

Depreciation expense was \$18,764 and \$18,764 for FY18 and FY17, respectively.

NOTE 8 – DEFERRED REVENUE

KSKO received a cash award of \$185,607 from the Corporation for Public Broadcasting for the period beginning October 1, 2016 and ending September 30, 2018. At June 30, 2017, \$91,144 has been restricted for use during fiscal years 2018 and 2019. Additionally, \$926 from the Alaska Public Broadcasting Commission was restricted.

NOTE 9 – PRIOR-PERIOD ADJUSTMENT

KSKO received an invoice from a vendor which had failed to invoice the Organization in a timely manner for services received during FY17 and FY18. An adjustment of \$10,081 was made to accounts payable at June 30, 2017.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2018, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.