KOAHNIC BROADCAST CORPORATION

FINANCIAL STATEMENTS

(With Independent Auditor's Report Thereon)

Years Ended June 30, 2024 and 2023

PORTER & ALLISON
INC
CERTIFIED PUBLIC ACCOUNTANTS

KOAHNIC BROADCAST CORPORATION

FINANCIAL STATEMENTS

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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, 2024 and 2023, 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, 2024 and 2023, 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, and for 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
February 11, 2025

FINANCIAL STATEMENTS

Koahnic Broadcast Corporation

Statements of Financial Position

June 30, 2024 and 2023

Assets		2024		2023
Current assets:				
Cash and cash equivalents, unrestricted	$	2,211,829	$	2,899,035
Accounts receivable, net of allowance for credit losses of $28,870 and $10,083 for 2024 and 2023		187,009		256,654
Grants receivable		254,275		153,981
Prepaid expenses		40,152		17,469
Other assets		11,798		-
Total current assets		2,705,063		3,327,139
Cash and cash equivalents restricted for endowment		136,362		114,695
Investments restricted for endowment		4,168,390		3,739,622
Operating lease right of use asset		1,257,610		1,400,256
Property and equipment, net of accumulated depreciation of $701,362 and $630,617 for 2024 and 2023		293,396		291,402
Total assets	$	8,560,821	$	8,873,114
Liabilities and Net Assets				
Liabilities:				
Current:				
Accounts payable		112,434		148,334
Accrued liabilities		157,076		183,359
Deferred revenue		131,392		160,668
Lease liability, current		216,171		236,826
Total current liabilities		617,073		729,187
Non-current - lease liability		1,068,398		1,193,549
Total liabilities		1,685,471		1,922,736
Net Assets:				
Without donor restrictions:				
Undesignated		1,903,065		2,540,299
Designated for programming		200,000		200,000
Invested in property and equipment		293,396		291,402
		2,396,461		3,031,701
With donor restrictions:				
Perpetual in nature		1,641,957		1,641,957
Purpose restrictions		2,836,932		2,276,720
		4,478,889		3,918,677
Total Net Assets		6,875,350		6,950,378
Total Liabilities and Net Assets	$	8,560,821	$	8,873,114

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Activities

Years Ended June 30, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Support:			
Individuals	$ 178,214	-	178,214
Foundations and other non-profit entities	592,344	116,008	708,352
Government	1,077,429	-	1,077,429
In-kind	558,030	-	558,030
Net assets released from restriction	6,230	(6,230)	-
Total Support	2,412,247	109,778	2,522,025
Revenue:			
Underwriting revenues	558,568	-	558,568
Fundraising activities	147,942	-	147,942
Investment return, net	-	450,434	450,434
Other income	362,283	-	362,283
Total Revenue	1,068,793	450,434	1,519,227
Total Support and Revenue	3,481,040	560,212	4,041,252
Operating Expenses:			
Program services:			
Broadcasting	1,352,333	-	1,352,333
National programming unit	1,714,132	-	1,714,132
Total program services	3,066,465	-	3,066,465
Supporting services:			
Administrative	685,009	-	685,009
Fundraising and membership development	364,806	-	364,806
Total supporting services	1,049,815	-	1,049,815
Total Operating Expenses	4,116,280	-	4,116,280
Changes in Net Assets	(635,240)	560,212	(75,028)
Net Assets, beginning of year	3,031,701	3,918,677	6,950,378
Net Assets, end of year	$ 2,396,461	4,478,889	6,875,350

(Continued)

See accompanying notes to financial statements.

Koahnic Broadcast Corporation

Statements of Activities, Continued

Years Ended June 30, 2024 and 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Support:			
Individuals	$ 187,456	-	187,456
Foundations and other non-profit entities	959,122	-	959,122
Government	1,015,548	-	1,015,548
In-kind	420,908	-	420,908
Net assets released from restriction	117,193	(117,193)	-
Total Support	2,700,227	(117,193)	2,583,034
Revenue:			
Underwriting revenues	590,028	-	590,028
Fundraising activities	183,762	-	183,762
Investment return, net	-	357,573	357,573
Other income	375,431	-	375,431
Total Revenue	1,149,221	357,573	1,506,794
Total Support and Revenue	3,849,448	240,380	4,089,828
Operating Expenses:			
Program services:			
Broadcasting	1,158,683	-	1,158,683
National programming unit	1,652,597	-	1,652,597
Total program services	2,811,280	-	2,811,280
Supporting services:			
Administrative	657,299	-	657,299
Fundraising and membership development	357,168	-	357,168
Total supporting services	1,014,467	-	1,014,467
Total Operating Expenses	3,825,747	-	3,825,747
Changes in Net Assets	23,701	240,380	264,081
Net Assets, beginning of year	3,008,000	3,678,297	6,686,297
Net Assets, end of year	$ 3,031,701	3,918,677	6,950,378

See accompanying notes to financial statements.

	2024				
	Program Services		Support Services		
	Broadcasting	National Programming Unit	Administrative	Fundraising and Membership Development	Total
Operating Expenses:					
Salaries and fringe benefits	$ 322,245	831,923	463,218	46,686	1,664,072
Contract labor	124,280	303,387	157,124	133,244	718,035
Program acquisitions	14,943	61,983	-	-	76,926
Travel	13,522	144,520	44,425	7,859	210,326
Rent	69,358	107,749	63,139	43,054	283,300
Miscellaneous	1,659	730	20,942	33,284	56,615
Affiliation fees	21,465	331	-	-	21,796
Utilities	61,141	3,661	-	-	64,802
Subscriptions and memberships	7,525	11,160	8,187	2,382	29,254
Equipment rental and repair	12,127	18,981	5,953	-	37,061
Telephone	10,966	9,359	4,630	-	24,955
Insurance	9,127	21,083	20,706	-	50,916
Office supplies	7,893	5,968	9,805	24,363	48,029
Uplink and satellite fees	535,730	6,230	-	-	541,960
Marketing and research	6,308	19,627	14,293	15,825	56,053
Equipment purchased	12,230	1,941	270	-	14,441
Board	3,401	-	9,779	12	13,192
Website	40,916	22,173	2,529	217	65,835
Advertising and public relations	5,832	2,458	2,700	-	10,990
Premiums	920	5,726	-	1,933	8,579
	1,281,588	1,578,990	827,700	308,859	3,997,137
Indirect cost allocation	-	142,691	(142,691)	-	-
	1,281,588	1,721,681	685,009	308,859	3,997,137
Other Operating Expenses:					
Bad debt expense (recovery)	-	(7,549)	-	55,947	48,398
Depreciation	70,745	-	-	-	70,745
Total Operating Expenses	$ 1,352,333	1,714,132	685,009	364,806	4,116,280

(Continued)

See accompanying notes to financial statements.

	2023				
	Program Services		Support Services		
	Broadcasting	National Programming Unit	Administrative	Fundraising and Membership Development	Total
Operating Expenses:					
Salaries and fringe benefits	$ 344,883	740,099	391,046	39,600	1,515,628
Contract labor	65,551	354,405	202,706	140,322	762,984
Program acquisitions	13,898	116,425	-	-	130,323
Travel	33,949	74,089	43,644	10,821	162,503
Rent	69,357	106,999	67,806	46,849	291,011
Miscellaneous	2,155	2,083	24,315	43,891	72,444
Affiliation fees	22,090	-	-	8,694	30,784
Utilities	70,883	4,305	-	-	75,188
Subscriptions and memberships	7,111	9,885	6,968	3,209	27,173
Equipment rental and repair	3,311	18,688	2,866	-	24,865
Telephone	2,542	9,818	3,567	2,523	18,450
Insurance	-	22,525	24,138	-	46,663
Office supplies	6,989	16,841	6,276	27,116	57,222
Uplink and satellite fees	401,535	4,000	-	-	405,535
Marketing and research	7,875	11,198	17,932	26,774	63,779
Equipment purchased	-	4,876	2,560	-	7,436
Board	1,507	-	11,375	215	13,097
Website	35,471	17,136	9,596	216	62,419
Advertising and public relations	75	4,976	-	12,380	17,431
	1,089,182	1,518,348	814,795	362,610	3,784,935
Indirect cost allocation	-	157,496	(157,496)	-	-
	1,089,182	1,675,844	657,299	362,610	3,784,935
Other Operating Expenses:					
Bad debt expense (recovery)	-	(23,247)	-	(5,442)	(28,689)
Depreciation	69,501	-	-	-	69,501
Total Operating Expenses	$ 1,158,683	1,652,597	657,299	357,168	3,825,747

See accompanying notes to financial statements.

		2024		2023
Cash Flows Provided (Used) From Operating Activities				
Change in net assets	$	(75,028)	$	264,081
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Provision for bad debt (recovery) expense		48,398		(28,689)
Depreciation		70,745		69,501
Non-cash lease expense		3,159		3,964
Realized and unrealized (gain) loss on investments		(362,458)		(289,219)
(Increases) decreases in operating assets:				
Accounts receivable		14,928		(27,571)
Grants receivable		(100,294)		89,367
Prepaid expenses		(22,683)		6,013
Increases (decreases) in operating liabilities:				
Accounts payable		(47,698)		(28,604)
Accrued liabilities		(26,283)		43,359
Deferred revenue		(29,276)		46,612
Net cash provided (used) from operating activities		(526,490)		148,814
Cash Flows Provided (Used) From Investing Activities				
(Purchase) of property and equipment		(72,739)		(161,961)
(Purchase) of investments		(301,880)		(824,669)
Proceeds from sale of investments		235,570		756,093
Net cash provided (used) from investing activities		(139,049)		(230,537)
Net Increase (Decrease) In Cash And Cash Equivalents		(665,539)		(81,723)
Cash And Cash Equivalents, beginning of year		3,013,730		3,095,453
Cash And Cash Equivalents, end of year	$	2,348,191	$	3,013,730
Reconciliation of cash and cash equivalents to the Statement of Financial Position:				
Cash and cash equivalents	$	2,211,829	$	2,899,035
Restricted for endowment		136,362		114,695
	$	2,348,191	$	3,013,730
Supplemental Disclosure:				
In-kind	$	558,030	$	420,908

See accompanying notes to financial statements.

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 Inuit, Indian and Unangam 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 "Indigefi". KBC also fulfills its mission by operating KNBA 90.3 FM which is the nation's only urban native public radio station, and national distribution service NV1, which distributes 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) was launched by Koahnic in 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 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) distributes 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 - Provides 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 - Manages 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 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 credit losses 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.

Adoption of New Accounting Pronouncement

On July 1, 2023, KBC adopted the new accounting standard that requires the measurement of the allowance for credit losses to be based on management's best estimate of expected credit losses (ECL) inherent in KBC's relevant financial assets. The adoption of the new accounting standard did not have a material effect on the balance of the allowance for credit losses or net assets and no adjustments were recorded in connection with the adoption of the new accounting standard.

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 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.

Lease Liability and Right of Use Asset

KBC leases certain real property and facilities. The determination of whether an arrangement is a lease is made at the lease's inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct use of the asset. Management reassesses this determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the balance sheet. ROU assets represent the Company's right to use an underlying asset for the duration of the lease contract, and lease liabilities represent the obligation to make lease payments in future periods. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments to be paid over the lease term.

The discount rate for the present value calculation is based on the risk-free treasury rate at the inception of the lease. Operating lease ROU assets also includes any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. No lease agreements contain any material residual value guarantees. Costs of leases with a term shorter than one year are expensed ratably over the lease term and future obligations on short-term leases are not recognized on the balance sheet.

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.

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, 2024 or 2023.

KBC classifies all interest and penalties related to tax contingencies as income tax expense. As of June 30, 2024 and 2023, there were no accrued interest or penalties. As of June 30, 2024 and 2023, 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, 2021.

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 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, 2024, 2023, and 2022 were $187,009, $256,654, and $200,394 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, 2024, 2023, and 2022 was $131,392, $160,668, and $114,056, respectively. All of the deferred revenue at June 30, 2023 and 2022 was recorded as revenue in the fiscal years ended June 30, 2024 and 2023.

Note 4: 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, 2024 and 2023, $1,962,489 and $2,649,800, respectively, was uninsured and uncollateralized.

Note 5: Grants Receivable

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

		2024	2023
Corporation for Public Broadcasting	$	254,275	146,251
State of Alaska, Division of Emergency Management		-	7,730
	$	254,275	153,981

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

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:

		2024	2023
Cash and cash equivalents	$	2,211,829	2,899,035
Accounts receivable, net		187,009	256,654
Grants receivable		254,275	153,981
Total financial assets available to meet cash needs for general expenditures within one year	$	2,653,113	3,309,670

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: Property and Equipment

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

		2024	2023
Leasehold improvements	$	8,840	8,840
Office equipment		167,739	167,739
Broadcast equipment		818,179	745,440
		994,758	922,019
Less: accumulated depreciation		701,362	630,617
	$	293,396	291,402

Depreciation expense was $70,745 and $69,501 for the years ended June 30, 2024 and 2023, respectively.

Note 8: Fair Value and Investments

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.

- 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, 2024 and 2023 about KBC's financial assets measured at fair value on a recurring basis.

2024	Level 1	Level 2	Level 3	Total
Assets				
Aggregate bonds	$ 1,600,499	-	-	1,600,499
Common equities:				
Emerging market	127,017	-	-	127,017
Foreign equity	513,939	-	-	513,939
Small Cap	204,756	-	-	204,756
Mid Cap	363,164	-	-	363,164
Large Cap	1,359,015	-	-	1,359,015
Total Common equities	2,567,891	-	-	2,567,891
Total	$ 4,168,390	-	-	4,168,390

2023	Level 1	Level 2	Level 3	Total
Assets				
Aggregate bonds	$ 1,422,793	-	-	1,422,793
Common equities:				
Emerging market	114,710	-	-	114,710
Foreign equity	453,902	-	-	453,902
Small Cap	186,512	-	-	186,512
Mid Cap	327,938	-	-	327,938
Large Cap	1,233,767	-	-	1,233,767
Total Common equities	2,316,829	-	-	2,316,829
Total	$ 3,739,622	-	-	3,739,622

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, 2024 and 2023:

	2024	2023
Interest and dividend income	$ 107,811	86,413
Custodial fees	(19,835)	(18,059)
Realized gains	149,815	115,246
Unrealized gains	212,643	173,973
Total investment income	$ 450,434	357,573

Note 9: Donated Services

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 2024 and 2023, were as follows:

		2024	2023
Underwriting	$	28,530	27,833
Uplink and satellite fees		529,500	393,075
Total	$	558,030	420,908

Note 10: Net Assets and Endowment

<u>Endowment</u>
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. The corpus of the fund is to be held indefinitely, and 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.

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 Total Return approach, with a long-term view and seek to achieve returns while taking risks commensurate with the 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 intermediate duration generally seek to achieve or exceed the performance of the Bloomberg U.S. Aggregate Bond Index, within a reasonable degree of risk.
   ii. Managed portfolios with individual bonds, 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 (investment grade).
      4. Mortgage backed bonds (investment grade).

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:

	Target	**Minimum**	**Maximum**
US Equity	60%	50%	70%
Fixed Income	37%	27%	47%
Cash Alternatives	3%	0%	5%

   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 for compliance with target ranges on a quarterly basis and rebalanced as necessary, but at least quarterly.
      ii. The targets and the ranges for each Asset Class represent the most basic 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.

iii. In the event that the Asset Class allocations fall outside their ranges, for reasons including but not limited to market price fluctuations, the manager will rebalance 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.

iv. The targets for individual Styles will be stated in percentages of the Asset Class. The current ranges for individual Styles allow the manager a reasonable degree of flexibility to allow for market volatility, but investment allocations that vary outside of the allowable ranges must be rebalanced back to target. 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.

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 6/30/22, 6/30/23, and 6/30/24 would determine the payout amount that would be distributed for fiscal year 2025.) 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. Indigefi
   vi. Other news and cultural programming produced by Koahnic Broadcast Corporation.

Endowment

		2024	2023
		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

		2024	2023
Subject to expenditure for specified purpose –			
Broadcast programming	$	146,129	63,612
Capital improvements		27,261	-
	$	173,390	63,612
Endowments:			
Subject to NFP endowment spending policy and appropriation – national broadcasting	$	2,663,542	2,213,108
Not subject to spending policy or appropriation – beneficial interests in perpetual trusts		1,641,957	1,641,957
		4,305,499	3,855,065
Total net assets with donor restrictions	$	4,478,889	3,918,677

		2024	2023
Net assets released from donor restrictions	$	6,230	117,193

Note 11: Defined Contribution 401(k) Plan

KBC provides a 401(k) defined contribution plan, managed by Fidelity Investments, to all full-time employees starting from their hire date. The company contributes 4% of an employee's gross wages after they have completed 1,000 hours of service. For those hired before January 1, 2008, there is an additional 3% contribution on eligible wages. Employees are fully vested in the plan after three years of service. Contributions to the plan can begin immediately upon hire, and employee loans are permitted. The normal retirement age under the plan is 65, or the fifth anniversary of the employee's start date, whichever is later. Employees can access their directed funds after age 59 ½. Retirement benefits, which include KBC's contributions and the employee's share of earnings, are distributed upon retirement, death, disability, or termination.

The total amount contributed by KBC for the calendar years ended December 31, 2024 and 2023 was $69,443 and $44,445, respectively. Employees are entitled to receive retirement benefits after retirement, death, disability or termination, of the amount contributed by KBC.

Note 12: Leases

KBC leases certain office facilities at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from one year to five years. KBC includes in the determination of the right of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. KBC operating lease provides for increases in future minimum annual rental payments.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and the contractual lease term.

KBC has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

KBC has elected the practical expedient to not separate lease and non-lease components for office equipment leases.

Total lease costs for the year ended June 30, 2024 are as follows:

Operating lease costs	$	247,816
Short-term leases		35,484
Total	$	283,300

The weighted-average remaining operating lease term in years is 6.25.

The weighted average discount rate for operating leases is 1.99 %.

The future minimum lease payments under non-cancelable operating leases with terms greater than one year are listed below as of June 30:

2025	$	239,583
2026		214,489
2027		214,489
2028		214,489
2029 and thereafter		482,600
Total lease payments		1,365,650
Less interest		81,081
Present value of lease liabilities	$	1,284,569

Note 13: Concentration of Support and Revenue

Koahnic Broadcast Corporation received 30% and 21% of its support and revenue during years ended June 30, 2024 and 2023, 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 14: 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 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 15: 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, 2024 and 2023 was $270,327 and $259,711 respectively. KBC also generated support of $10,500 and revenue of $25,000 for the year ended June 30, 2024 and support of $16,000 and revenue of $28,750 for the year ended June 30, 2023 from CITC. At June 30, 2024 and 2023, KBC was liable to CITC for $4,000 and $21,489 respectively.

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

2025	$	214,489
2026		214,489
2027		214,489
2028		214,489
2029		214,489
Thereafter		268,111
	$	1,340,556

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, 2024 and 2023 was $33,808 and $140,103 respectively. At June 30, 2024 and 2023, there was $6,400 and $6,400 owed to Alexis Sallee Multimedia, LLC.

Note 16: 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 February 11, 2025, the date which the financial statements were available for issue, no items were considered necessary for disclosure.