

KTOO PUBLIC MEDIA
and
KTOO MUSIC AND ARTS, LLC
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



Elgee Rehfeld

Alaska's CPA Firm

Founders: George Elgee, CPA & Robert Rehfeld, CPA

Partners

Janelle Anderson, CPA
Ryan Beason, CPA
Sarah Griffith, CPA
Mark Mesdag, CPA
Adam Sycks, CPA
Karen Tarver, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KTOO Public Media and KTOO Music and Arts, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of KTOO Public Media, a nonprofit corporation, and its affiliate KTOO Music and Arts, LLC, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statement of activities, functional expenses, and cash flows for the year 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of KTOO Public Media and KTOO Music and Arts, LLC as of June 30, 2021, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elgee Rehfeld

December 29, 2021

KTOO PUBLIC MEDIA
and
KTOO MUSIC AND ARTS, LLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2021

	2021
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 1,150,670
Accounts receivable	138,300
Prepaid expenses	19,253
Total current assets	1,308,223
Beneficial interest - Juneau Community Foundation	231,517
Intangible assets	621,400
Property and equipment, net	1,770,746
Total assets	\$ 3,931,886
LIABILITIES AND NET ASSETS:	
Current liabilities:	
Accounts payable	\$ 96,256
Accrued annual leave	62,733
Other accrued liabilities	15,372
Refundable advance	599,804
Deferred revenue	6,000
Total current liabilities	780,165
Payable to KTOO Legacy Foundation	231,517
Total liabilities	1,011,682
Net assets -	
Without donor restrictions:	
Invested in property and equipment	1,770,746
Undesignated	1,149,458
Total net assets without donor restrictions	2,920,204
Total liabilities and net assets	\$ 3,931,886

The accompanying notes to the financial statements are an integral part of these statements.

KTOO PUBLIC MEDIA
and
KTOO MUSIC AND ARTS, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	2021
Changes in net assets without donor restrictions:	
REVENUES AND SUPPORT:	
Contributions	\$ 90,452
Membership	455,612
Government and CPB operating grants	1,939,600
Rental, special events, and other income	310,195
Underwriting	530,714
Royalties and production income	92,516
Other operating grants	549,974
Total revenues and support without donor restrictions	3,969,063
EXPENSES:	
PROGRAM SERVICES:	
Programming and production	1,833,312
Technical and broadcasting	449,743
Total program services	2,283,055
SUPPORTING SERVICES:	
General and administrative	1,460,614
Fundraising and member development	39,805
Total supporting services	1,500,419
Total expenses	3,783,474
Change in net assets without donor restrictions from operating activities	185,589
Change in net assets without donor restrictions from non-operating activities -	
Net contribution of assets from CoastAlaska	578,857
Change in net assets without donor restrictions	764,446
NET ASSETS, Beginning of Year	2,155,758
NET ASSETS, End of Year	\$ 2,920,204

The accompanying notes to the financial statements are an integral part of these statements.

KTOO PUBLIC MEDIA
and
KTOO MUSIC AND ARTS, LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	2021
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash inflows from operations:	
Cash received from grants	\$ 3,095,378
Cash received from membership	455,612
Cash received from underwriting	392,414
Cash received from other sources	402,711
Cash received from contributions	629,721
Cash outflows from operations:	
Cash paid to employees	(1,232,875)
Cash paid to suppliers	(2,096,227)
Net cash provided by operating activities	1,646,734
CASH FLOWS FROM INVESTING ACTIVITIES -	
Purchase of property and equipment	(496,064)
Net cash used for investing activities	(496,064)
Cash and cash equivalents - beginning of year	-
Cash and cash equivalents - end of year	\$ 1,150,670

The accompanying notes to the financial statements are an integral part of these statements.

KTOO PUBLIC MEDIA
and
KTOO MUSIC AND ARTS, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services			Supporting Services		Total Program and Supporting Services 2021
	Programming and Production	Technical and Broadcasting	Total Program Services	General and Administrative	Fundraising and Member Development	
Direct expenses:						
Salaries and related expenses	\$ 1,096,780	\$ -	\$ 1,096,780	\$ 214,200	\$ -	\$ 1,310,980
Professional fees	280,508	127,755	408,263	81,021	-	489,284
Occupancy	261,553	-	261,553	51,085	-	312,638
Depreciation	155,303	-	155,303	104,373	-	259,676
Transmission expense	-	231,178	231,178	-	-	231,178
Supplies and equipment	2,980	89,747	92,727	3,487	-	96,214
Advertising	-	-	-	-	39,588	39,588
Acquisitions expense	26,462	-	26,462	-	-	26,462
Other expenses	5,000	-	5,000	14,266	11	19,277
Dues and subscriptions	-	-	-	13,538	-	13,538
Rental and maintenance of equipment	-	1,063	1,063	7,432	-	8,495
Travel and transportation	4,726	-	4,726	597	199	5,522
Postage and shipping	-	-	-	811	-	811
Special events	-	-	-	-	7	7
	1,833,312	449,743	2,283,055	490,810	39,805	2,813,670
Pass-through funding to CoastAlaska	-	-	-	969,804	-	969,804
Total direct expenses	\$ 1,833,312	\$ 449,743	\$ 2,283,055	\$ 1,460,614	\$ 39,805	\$ 3,783,474

The accompanying notes to the financial statements are an integral part of these statements.

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include accounts of KTOO Public Media and KTOO Music and Arts, LLC. (the Organization). The statements are consolidated since KTOO Public Media (KTOO TV) has an economic interest in KTOO Music and Arts, LLC (KTOO FM), a subsidiary of KTOO Public Media, which is treated as a disregarded entity for tax purposes.

Organization

On July 1, 2020, Capital Community Broadcasting, Inc. (CCBI) withdrew from the Compact Agreement of CoastAlaska, a non-profit corporation that was organized to develop and promote the funding, conduct, and collaboration of public radio broadcasting within Southeast Alaska, and reorganized under KTOO Public Media for the purpose of operating television programming, production, and broadcasting in Juneau, Alaska. KTOO Music & Arts, LLC was created for the purpose of operating radio programming and production in Juneau, Alaska.

On July 1, 2020 KTOO Music and Arts joined the CoastAlaska compact and contributed all revenue and expenses to CoastAlaska. Effective July 1, 2020, KTOO Music and Arts, LLC is the name of the Juneau based member in the CoastAlaska Compact Agreement.

Operating budgets are developed annually which are submitted to the Board of Directors for review and approval. Budgets are prepared to assure the continued vitality of KTOO TV and KTOO FM. The budget includes provisions for the maintenance, repair and replacement of real and personal property held by the stations and payment of the stations' obligations under long-term debt agreements.

All operating revenues received or raised by KTOO FM are contributed to CoastAlaska. All operating expenses of KTOO FM are the responsibility of and are paid by CoastAlaska. CoastAlaska's Board of Directors has an Executive Director who is responsible for the administration of the Compact, the stations' budgets, and on-going management of CoastAlaska. However, KTOO FM's Board of Directors retains control over all local personnel decisions, including hiring, firing and discipline. CoastAlaska's Executive Director maintains a central office staff which provides the following services to KTOO FM:

- Financial reporting, budgeting, monitoring, compliance with the budget and other regulatory requirements and all daily accounting functions
- Development of membership and underwriting support, and pledge fulfillment
- Engineering and engineering development
- Payroll and benefits administration
- Personnel and human resources administration
- Other administrative and financial operations

The Organization's program services, as presented in the Statement of Functional Expenses, are as follows:

Programming and Production

The Organization provides quality non-commercial news and locally valued programming. The Organization's programming features local voices, fact-based journalism, community service and emergency alerting.

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

Technical Services

The Organization's technical products are radio and television broadcast signals, as well as digital content on the web, including 360North television signals.

Basis Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

As discussed above, all revenues and expenses of KTOO FM, excluding the recording of real and personal property and related debt amounts, is contributed to, and recorded in the financial statements of CoastAlaska. The accounting treatment for real and personal property and related debt amounts is discussed in the "Property and Equipment" note below.

The Organization follows the guidance of FASB ASC 958-605 *Revenue Recognition* to determine whether its federal, state, or other grant programs are contributions or exchange transactions for purposes of presentation in the accompanying financial statements.

All support and revenue derived from the operation of KTOO FM's radio stations are contributed to and recorded by CoastAlaska.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the consolidated statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Organization also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

Revenue Recognition

Contributions

The Organization may receive contributions that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Organization recognizes revenue only after the conditions are substantially met. Should the Organization substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions.

Donated services are recognized as contributions in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Organization. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership

Membership contributions are considered available for the Organization's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Organization from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Grant receivables are recorded for unreimbursed expenses incurred for the purposes specified by the awarding agency. Funding received in advance of incurring allowable expenses are recorded as a refundable advance.

Underwriting Income

Revenue from program underwriting is recognized when the Organization satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Payment received in advance of the satisfaction of performance obligations for underwriting revenues are reported as deferred revenue in the statement of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectable.

Rental, Special Events and Other Income

Revenue from rented radio tower space, special events, and merchandise sales are recorded when earned. Revenue from rentals are recognized over the period of the tenant lease term on

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

a monthly basis and in the amount stipulated by the tenant lease. Special event and other income revenues are recognized at a point in time as the performance obligation of the special event or sales is performed for the amount of the contract. Payments received in advance of the satisfaction of performance obligations for rental, special events, and other income are reported as deferred revenue in the statement of financial position. Management evaluates receivables from rental, special events and other income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Royalties and Production Income

Revenue from royalties and television production is recognized over time as the performance obligation is performed for the amount of the contract and is recorded when earned. Payments received in advance of the satisfaction of performance obligations for royalties and production income are reported as deferred revenue in the statement of financial position. Management evaluates receivables from royalties and production income for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements.

Broadcast Income

Broadcast income consists of an operating grant to broadcast the State of Alaska Legislature and considered a nonreciprocal transaction restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Broadcast Rights

Programming broadcast rights are expensed annually as purchased.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Expenditures for repairs and maintenance are charged to operating expense as incurred; major renewals and betterments are capitalized. Expenditures in excess of \$1,000 for land, buildings, and equipment with a useful life of at least three years are capitalized.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Organization considers all cash in checking, savings, and money market accounts, to be cash.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a corporation that is not a private foundation under section 509(a)(2). KTOO FM is considered a disregarded entity for taxation purposes. There was no required provision for income taxes for fiscal years ended June 30, 2021. The Organization

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

follows the provisions of FASB ASC 740 *Income Taxes*, and management believes that it has appropriate support for any tax positions taken. The Organization's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses for program services are segregated from management and general expenses. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Occupancy costs are allocated to function based on each function's proportionate share of total salaries and related expenses.

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standards and expanded disclosure requirements. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects or be entitled in exchange for those goods or services. The Organization adopted the provisions of ASU 2014-09 effective July 1, 2020, using the full retrospective method. The adoption of the standard had no impact on net assets for the year ended June 30, 2021.

Upcoming Accounting Pronouncements

Management is evaluating the impact of the recent accounting pronouncements listed below on the Organization's financial position, results of operations, or cash flows, the impact of adoption has not been fully determined. Other accounting standards that have been issued or proposed by FASB, or other standards-setting bodies, not listed below, will also be evaluated prior to their effective date.

Not-For-Profit Entities (Topic 958)

In September 2020, the FASB issued ASU No. 2020-07, *Not-For-Profit Entities (Topic 958)*. The amendments in this update will supersede much of the existing authoritative guidance for contributed nonfinancial assets. This guidance requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities and additional disclosures regarding the contributed nonfinancial assets. The amendments of the update will be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, with early application permitted. The Organization plans to adopt ASU 2020-07 in its fiscal year ending June 30, 2022.

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees to recognize right-of-use assets and liabilities on their balance sheet for all leases with terms longer than twelve months. In June of 2020, FASB issued ASU 2020-05 *Effective Dates for Certain Entities* that deferred the effective date for the Organization until annual periods beginning after December 15, 2021, with early application permitted. The Organization plans to adopt ASU 2016-02 as amended by 2020-05, in its fiscal year ending June 30, 2023.

Date of Subsequent Review

The Organization's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures without donor or other restriction limiting their use, within one year of June 30, 2021:

Financial assets, at year-end*

Cash and cash equivalents	\$ 1,150,670
Accounts receivable	138,300
Beneficial Interest - Juneau Community Foundation	231,517

Less those unavailable for general expenditures within one year, due to -

Payable to KTOO Legacy Foundation	<u>(231,517)</u>
-----------------------------------	------------------

Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,288,970</u></u>
--	----------------------------

*Total assets, less nonfinancial assets

(Prepaid expenses; Intangible assets; Property and equipment, net)

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2021 are summarized below:

Building and improvements	\$ 2,569,936
Broadcasting, production and programming equipment	3,537,081
Office fixtures and equipment	<u>42,612</u>
	6,149,629
Less accumulated depreciation	<u>(4,378,883)</u>
	<u>\$ 1,770,746</u>

Depreciation expense was \$259,676 for fiscal year ended June 30, 2021.

NOTE 4 – JUNEAU COMMUNITY FOUNDATION FUND

During fiscal year 2010, the Organization's KTOO Legacy Foundation (Legacy), a nonprofit foundation, entered into an Endowment Agreement (Agreement) with the Juneau Community Foundation (JCF), an unrelated community foundation. Under the Agreement, Legacy transferred \$77,685 to JCF, which established the KTOO Legacy (Fund) with the proceeds. In subsequent fiscal years, contributions to the Fund, net of distributions to the Organization, amounted to \$153,832. Under the Agreement JCF will hold, manage, and invest the Fund for the charitable purpose of Legacy. The Organization's Board of Directors may request that earnings and principal of the Fund be distributed subject to the terms of the Agreement and approval of the JCF Board of Directors. The Organization has granted variance power to JCF only if the Organization ceases to exist or is no longer a qualified charitable organization. The variance power is further limited in that JCF may transfer the interest in the Fund after consultation with members of the final Board of Directors of the Organization. Accordingly, the Organization has recognized a beneficial interest in the JCF Fund.

The Organization records the beneficial interest at cost and will recognize earnings in the Fund upon distribution by JCF. The Organization did not receive any distributions during fiscal year 2021.

The Organization's beneficial interest is comingled with other entities that have placed accounts with JCF. At June 30, 2021, JCF reported to the Organization the account had a total market value of \$79,014,175, and an adjusted cost basis of \$53,410,458. The Organization's reported share of the account had a market value of \$448,856 at June 30, 2021. The account is invested in index funds and cash equivalents.

NOTE 5 – OPERATING LEASES

KTOO TV has a consolidated operating land lease with the State of Alaska that was formerly three separate leases. Consolidation of the leases occurred in fiscal year 2012. The operating

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

land lease was extended on June 25, 2020. KTOO TV also has various equipment leases. Lease payments are subject to adjustment at each five-year interval based on appraised rental value of land.

As of June 30, 2021, the Schedule of Minimum Future Land and Equipment Lease Payments is as follows:

<u>Year Ending June 30</u>	Schedule of Minimum Future Land and Equipment <u>Lease Payments</u>
2022	\$ 114,017
2023	114,017
2024	114,017
2025	114,017
2026	114,017
Thereafter	<u>2,582,795</u>
Total	<u>\$ 3,152,880</u>

NOTE 6 – REFUNDABLE ADVANCES

The Organization receives various operating grants that contain certain conditions from the awarding agencies. Funds received in advance of the conditions being met are recorded as refundable advances and are subsequently recognized as grant revenue when donor contributions are met. Refundable advances consisted of \$599,804 of operating grants as of June 30, 2021.

NOTE 7 – INTANGIBLE ASSETS

In 2007, CCBI, now known as KTOO TV, acquired the two Federal Communications Commission FM radio broadcast licenses from White Oak Broadcasting for \$621,400. The acquisition was accounted for under the purchase method.

The broadcast licenses are reflected as intangible assets on the accompanying Consolidated Statement of Financial Position and are deemed to have an indefinite life and, as such, are not subject to amortization. KTOO TV will review the licenses for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable.

NOTE 8 – CONTINGENT LIABILITIES

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies. Certain grant amounts of the Organization reflected in the financial statements of the Organization have not been audited by the grantor agencies. Accordingly,

KTOO PUBLIC MEDIA and KTOO MUSIC AND ARTS, LLC

NOTES TO THE FINANCIAL STATEMENTS

adjustments of amounts received from grants and contracts could result if the grants and contracts are audited by such agencies.

Excess Cash Balances

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Business Disruption

There is a risk that government mandated restrictions on the Organization's operational capacity due to the Coronavirus will occur in fiscal year 2022 resulting in reduced revenues. Management believes that this risk is minimal.

NOTE 9 – SEPARATION OF KTOO FROM THE COMPACT

Effective July 1, 2020, CCBI withdrew from the Compact Agreement of CoastAlaska and reorganized under KTOO Public Media for the purpose of operating television programming, production, and broadcasting in Juneau, Alaska. KTOO Music and Arts, LLC was created as a subsidiary of KTOO Public Media, which is treated as a disregarded entity for tax purposes, for the purpose of operating radio programming and production in Juneau, Alaska.

As part of the agreement for the withdrawal of CCBI from the CoastAlaska Compact Agreement, KTOO Public Media received net assets and liabilities of \$578,857 from CoastAlaska.

NOTE 10 – ADMITTANCE OF KTOO MUSIC & ARTS, LLC TO THE COMPACT

On July 1, 2020 KTOO Music and Arts, LLC joined the CoastAlaska compact and contributed all revenue and expenses to CoastAlaska. Effective July 1, 2020, KTOO Music and Arts, LLC is the name of the Juneau based member in the CoastAlaska Compact Agreement.

KTOO PUBLIC MEDIA
and
KTOO MUSIC AND ARTS, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	KTOO Public Media	KTOO Music and Arts, LLC	Consolidated Amounts
Change in net assets without donor restrictions			
REVENUES AND SUPPORT:			
Contributions	\$ 90,257	\$ 195	\$ 90,452
Membership	-	455,612	455,612
Government and CPB operating grants	1,770,551	169,049	1,939,600
Rental, special events, and other income	302,853	7,342	310,195
Underwriting	195,108	335,606	530,714
Royalties and production income	92,516	-	92,516
Other operating grants	547,974	2,000	549,974
Total revenues and support without donor restrictions	<u>2,999,259</u>	<u>969,804</u>	<u>3,969,063</u>
EXPENSES:			
PROGRAM EXPENSES:			
Programming and production	1,833,312	-	1,833,312
Technical and broadcasting	449,743	-	449,743
Total program expenses	<u>2,283,055</u>	<u>-</u>	<u>2,283,055</u>
SUPPORTING SERVICES:			
General and administrative	490,810	969,804	1,460,614
Fundraising and member development	39,805	-	39,805
Total supporting services	<u>530,615</u>	<u>969,804</u>	<u>1,500,419</u>
Total expenses	<u>2,813,670</u>	<u>969,804</u>	<u>3,783,474</u>
Change in net assets without donor restrictions from operating activities	185,589	-	185,589
Change in net assets without donor restrictions from non-operating activities -			
Net contribution of assets from CoastAlaska	<u>578,857</u>	<u>-</u>	<u>578,857</u>
Change in net assets without donor restrictions	764,446	-	764,446
Net assets, beginning of year	<u>2,155,758</u>	<u>-</u>	<u>2,155,758</u>
Net assets, end of year	<u>\$ 2,920,204</u>	<u>\$ -</u>	<u>\$ 2,920,204</u>

The accompanying notes to the financial statements are an integral part of these statements.