



# Talkeetna Community Radio, Inc.

Financial Statements  
Years Ended June 30, 2016 and 2015

# Talkeetna Community Radio, Inc.

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## Independent Auditor's Report

To the Board of Directors  
Talkeetna Community Radio, Inc.  
Talkeetna, Alaska

We have audited the accompanying statements of Talkeetna Community Radio, Inc. (a non-profit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Managements 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.

### *Auditors 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 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 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 Talkeetna Community Radio, Inc. as of June 30, 2016 and 2015, 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.

*BDO USA, LLP*

Anchorage, Alaska  
October 19, 2016

## Financial Statements

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## Talkeetna Community Radio, Inc.

### Statements of Financial Position

<i>June 30,</i>	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash:		
Unrestricted	\$ 80,275	\$ 80,973
Temporarily restricted	34,580	31,923
Accounts receivable	640	5,970
Prepaid expenses	8,490	8,582
<b>Total Current Assets</b>	<b>123,985</b>	<b>127,448</b>
<b>Property and Equipment</b>		
Furniture and fixtures	42,978	42,978
Broadcast equipment	341,395	328,659
Building	303,669	303,669
Land	55,000	55,000
Total property and equipment	743,042	730,306
Less accumulated depreciation	(403,774)	(379,876)
<b>Net Property and Equipment</b>	<b>339,268</b>	<b>350,430</b>
<b>Total Assets</b>	<b>\$ 463,253</b>	<b>\$ 477,878</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 45	\$ 1,041
Payroll liabilities	12,755	11,359
Current portion of long-term debt	4,172	3,989
Deferred revenue	31,096	30,923
<b>Total Current Liabilities</b>	<b>48,068</b>	<b>47,312</b>
Long-term debt, net of current	51,941	56,113
<b>Total Liabilities</b>	<b>100,009</b>	<b>103,425</b>
<b>Net Assets</b>		
Unrestricted net assets, designated for:		
Operations	76,175	83,125
Property and equipment, net of related debt	283,155	290,328
Temporarily restricted net assets	3,914	1,000
<b>Total Net Assets</b>	<b>363,244</b>	<b>374,453</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 463,253</b>	<b>\$ 477,878</b>

*See accompanying notes to financial statements.*

## Talkeetna Community Radio, Inc.

### Statements of Activities

<i>Years Ended June 30,</i>	2016	2015
<b>Changes in Unrestricted Net Assets</b>		
From operating activities:		
Support and revenues:		
Support:		
Grant income	\$ 231,795	\$ 249,309
In-kind donations and contributed assets	300	715
Contributions	3,534	10,103
Temporarily restricted net assets released from restrictions	570	-
<b>Total support</b>	<b>236,199</b>	<b>260,127</b>
Revenue:		
Program underwriting	25,260	29,040
Special events, net of direct expenses of \$3,691 for 2016 and \$3,055 for 2015	6,510	7,473
Memberships	31,471	30,740
Other income	3,749	4,761
<b>Total revenue</b>	<b>66,990</b>	<b>72,014</b>
<b>Total Unrestricted Support and Revenues</b>	<b>303,189</b>	<b>332,141</b>
<b>Expenses</b>		
Program services:		
Programming and production	123,386	127,949
Broadcasting and technical	36,955	42,559
<b>Total program services</b>	<b>160,341</b>	<b>170,508</b>
Supporting services:		
Administration	124,519	127,337
Fundraising	45,264	50,560
<b>Total supporting services</b>	<b>169,783</b>	<b>177,897</b>
<b>Total Expenses</b>	<b>330,124</b>	<b>348,405</b>
Decrease in unrestricted net assets from operating activities	(26,935)	(16,264)
From non-operating activities:		
Temporarily restricted net assets released from restrictions	12,736	-
Interest income	76	76
Increase in unrestricted net assets from non-operating activities	12,812	76
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	16,220	1,000
Temporarily restricted net assets released from restrictions	(13,306)	-
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>	<b>2,914</b>	<b>1,000</b>
<b>Change in Net Assets</b>	<b>(11,209)</b>	<b>(15,188)</b>
<b>Net Assets, beginning of year</b>	<b>374,453</b>	<b>389,641</b>
<b>Net Assets, end of year</b>	<b>\$ 363,244</b>	<b>\$ 374,453</b>

*See accompanying notes to financial statements.*



# Talkeetna Community Radio, Inc.

## Statement of Functional Expenses

<i>Year Ended June 30, 2016</i>	Program Services		Supporting Services		Total
	Programming and Production	Broadcasting and Technical	Fundraising	Admin- istration	
Personnel costs	\$ 81,868	\$ 3,409	\$ 38,290	\$ 71,036	\$ 194,603
Programming & production costs	36,288	-	-	-	36,288
Depreciation	1,938	11,945	-	10,015	23,898
Utilities	356	15,792	356	11,716	28,220
Professional Fees	-	1,868	60	10,181	12,109
Insurance	-	-	-	13,164	13,164
Telephone & postage	1,398	1,510	1,887	1,586	6,381
Supplies	1,216	596	18	1,352	3,182
Repairs and maintenance	-	1,835	160	902	2,897
Interest	-	-	-	2,623	2,623
Advertising	-	-	2,035	151	2,186
Dues & Subscriptions	-	-	250	270	520
Travel	322	-	44	40	406
Other Expenses	-	-	2,164	1,483	3,647
	\$ 123,386	\$ 36,955	\$ 45,264	\$ 124,519	\$ 330,124

*See accompanying notes to financial statements.*

# Talkeetna Community Radio, Inc.

## Statement of Functional Expenses

<i>Year Ended June 30, 2015</i>	Program Services		Supporting Services		Total
	Programming and Production	Broadcasting and Technical	Fundraising	Admin- istration	
Personnel costs	\$ 78,792	\$ 5,442	\$ 41,063	\$ 67,724	\$ 193,021
Programming and production costs	42,731	-	-	-	42,731
Utilities	443	19,626	443	5,606	26,118
Depreciation	1,456	11,387	-	9,988	22,831
Professional fees	-	2,765	1,000	15,214	18,979
Insurance	-	-	-	12,880	12,880
Supplies	1,855	206	3,916	2,942	8,919
Telephone and postage	1,596	2,116	1,888	1,481	7,081
Repairs and maintenance	-	931	-	5,887	6,818
Interest	-	-	-	2,798	2,798
Travel	801	76	-	1,359	2,236
Dues and subscriptions	90	10	310	260	670
Advertising	-	-	187	115	302
Other expenses	185	-	1,753	1,083	3,021
	\$ 127,949	\$ 42,559	\$ 50,560	\$ 127,337	\$ 348,405

*See accompanying notes to financial statements.*

# Talkeetna Community Radio, Inc.

## Statements of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (11,209)	\$ (15,188)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	23,898	22,831
Contributions received restricted for asset acquisition	(16,220)	-
Change in receivables	5,330	(3,805)
Change in prepaid expenses	92	(636)
Change in accounts payable	(996)	1,041
Change in payroll liabilities	1,396	(155)
Change in deferred revenue	173	(220)
<b>Net cash from operating activities</b>	<b>2,464</b>	<b>3,868</b>
<b>Cash Flows for Investing Activities</b>		
Purchase of property and equipment	(12,736)	(7,403)
<b>Cash Flows from (for) Financing Activities</b>		
Contributions received restricted for asset acquisition	16,220	-
Principal payments on long-term debt	(3,989)	(3,814)
<b>Net cash from (for) financing activities</b>	<b>12,231</b>	<b>(3,814)</b>
<b>Net increase (decrease) in cash</b>	<b>1,959</b>	<b>(7,349)</b>
<b>Cash, beginning of period</b>	<b>112,896</b>	<b>120,245</b>
<b>Cash, end of period</b>	<b>\$ 114,855</b>	<b>\$ 112,896</b>
<b>Reconciliation to the Statements of Financial Position</b>		
Cash:		
Unrestricted	\$ 80,275	\$ 80,973
Temporarily restricted	34,580	31,923
<b>Total Cash</b>	<b>\$ 114,855</b>	<b>\$ 112,896</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 2,623	\$ 2,798

*See accompanying notes to financial statements.*

# Talkeetna Community Radio, Inc.

## Notes to Financial Statements June 30, 2016 and 2015

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### 1. Organization and Summary of Significant Accounting Policies

Talkeetna Community Radio, Incorporated (the Corporation) is a nonprofit, tax exempt charitable and public service entity engaged in noncommercial radio broadcasting in Talkeetna, Alaska. The Corporation operates as KTNA-FM Radio.

#### *Summary of Significant Accounting Policies*

##### *Basis of Financial Statements*

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-605 and 958-205. ASC 958-605 establishes standards of financial accounting and reporting for contributions received and contributions made. This statement also establishes standards for recognizing expirations of restrictions on contributions received and accounting for contributed services, collections of works of art, historical treasures and similar assets acquired by contributions or by other means.

Under the provisions of ASC 958-205, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are reported as follows:

*Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Temporarily restricted resources are restricted by the donor, grantor, or other outside parties whose restrictions either expire by the passage of time or can be fulfilled and removed by actions of the Corporation. Revenues associated with these resources are earned when the Corporation undertakes the necessary action or other restrictions are met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

##### *Revenue and Support*

Revenues are recorded in the period earned when expenses have been incurred for the purpose specified by the grant or contract. Fund receipts in excess of expenses for ongoing programs are recorded as deferred revenue. Advances (deferred revenue) from funding agencies are considered liquidated when an expense is recorded.

Contributions from the general public are recognized as donations when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted contributions based on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

# Talkeetna Community Radio, Inc.

## Notes to Financial Statements

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### *Cash*

Cash consists of bank deposits.

### *Property and Equipment*

Fixed assets, with an initial cost in excess of \$1,000, 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, ranging from 5 to 7 years for equipment and 40 years for buildings.

### *Functional Expenses*

Expenses are charged to program and supporting services based on actual costs. Expenses not directly chargeable are allocated based on square foot allocations and estimates of actual usage.

### *Income Taxes*

The Corporation is recognized as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes.

The Corporation applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes and annually reviews its tax positions taken in accordance with the recognition standards. The Corporation believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements. Tax years 2012-2014 remain subject to examination by the Internal Revenue Service.

### *Fair Value Measurements*

The Corporation measures certain items in these financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, other than in a forced liquidation or distress sale.

The Corporation's financial assets and liabilities carried at fair value have been classified based on a hierarchy as defined in generally accepted accounting standards and are generally measured using the market approach or the income approach.

### *Estimates and Assumptions*

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

# Talkeetna Community Radio, Inc.

## Notes to Financial Statements

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### *Subsequent Events*

The Corporation has evaluated subsequent events through October 19, 2016, the date on which the financial statements were available to be issued.

### 2. Cash and Cash Equivalents

The Corporation's cash and cash equivalents are maintained in checking accounts and savings accounts. Of the Corporation's deposits at year-end, all are covered by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. Temporarily restricted cash consists of advanced grant funds and temporarily restricted contributions on hand at June 30, 2016.

At June 30, the Corporation's cash and cash equivalents consisted of the following:

	2016		2015	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Checking accounts	\$ 65,654	\$ 68,229	\$ 68,465	\$ 67,206
Savings accounts	46,117	46,177	45,448	45,448
Petty cash	-	449	-	242
	\$ 111,831	\$ 114,855	\$ 113,914	\$ 112,896

### 3. Long-Term Debt

On February 3, 2009, the Corporation borrowed money from the US Department of Agriculture secured by and for the purchase of their operating facility, with a carrying value of \$244,151 at June 30, 2016. The original loan term was for 30 years at 4.5% interest, with monthly payments of \$551. The aggregate future scheduled maturities of long-term debt are as follows:

#### *Year Ending June 30,*

2017	\$ 4,172
2018	4,364
2019	4,564
2020	4,774
2021	4,993
Thereafter	28,881
	\$ 56,113

# Talkeetna Community Radio, Inc.

## Notes to Financial Statements

### 4. Temporarily Restricted and Unrestricted Net Assets

In 2016, a temporarily restricted contribution was received for the acquisition of a piece of equipment. In 2015, a temporarily restricted contribution was received for an intern position. At June 30, 2016, the balance of temporarily restricted net assets totaled \$3,914 related to these contributions.

<i>Operating Activities:</i>	Temporarily Restricted Support and Revenue			Unrestricted Support and Revenue			
	June 30, 2015	Received in FY16	Released from Restriction	June 30, 2016	Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,595	\$ 2,595
Foundations	1,000	-	570	430	570	50	620
Corporations	-	-	-	-	-	1,189	1,189
Government	-	-	-	-	-	231,795	231,795
	1,000	-	570	430	570	235,629	236,199
<i>Capital Activities:</i>							
Individuals	-	-	-	-	-	-	-
Foundations	-	16,220	12,736	3,484	12,736	-	12,736
Corporations	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-
	-	16,220	12,736	3,484	12,736	-	12,736
<b>Total</b>	\$ 1,000	\$ 16,220	\$ 13,306	\$ 3,914	\$ 13,306	\$ 235,629	\$ 248,935

#### *Reconciliation of the Statement of Activities:*

Grants	\$ 231,795
In-kind services	300
Contributions	3,534
Temporarily restricted released	13,306
<b>Total</b>	<b>\$ 248,935</b>

# Talkeetna Community Radio, Inc.

## Notes to Financial Statements

<i>Operating Activities:</i>	Temporarily Restricted Support and Revenue			Unrestricted Support and Revenue			
	June 30, 2014	Received in FY15	Released from Restriction	June 30, 2015	Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,695	\$ 2,695
Foundations	-	1,000	-	1,000	-	7,008	7,008
Corporations	-	-	-	-	-	1,115	1,115
Government	-	-	-	-	-	249,309	249,309
	-	-	-	-	-	260,127	260,127
<i>Capital Activities:</i>							
Individuals	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 260,127</b>	<b>\$ 260,127</b>

### *Reconciliation of the Statement of Activities:*

Grants	\$ 249,309
In-kind services	715
Contributions	10,103
Temporarily restricted released	-
<b>Total</b>	<b>\$ 260,127</b>

## 5. Concentrations

A significant amount of the Corporation's funding comes from operating grants awarded by the State of Alaska and the Corporation for Public Broadcasting. Both funding sources have been subject to budgetary pressures in recent years. A significant decline in funding from these sources could have a material impact on the Corporation's operations.

## 6. Contingencies

Expenses reimbursed under grants and contracts are subject to audit by the granting agencies or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.