



Talkeetna Community Radio, Inc.

Financial Statements
Years Ended June 30, 2013 and 2012

Talkeetna Community Radio, Inc.

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Contents

	Page
Independent Auditor's Report	3-4
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-15



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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 statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year 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 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 misstatements.

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, 2013, and the changes in its net assets and its and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Talkeetna Community Radio, Inc., as of and for the year ended June 30, 2012, were audited by other auditors whose report dated August 28, 2012 expressed an unmodified opinion on those statements.

BDO USA, LLP

Anchorage, Alaska
November 12, 2013

Financial Statements

Talkeetna Community Radio, Inc.

Statements of Financial Position

June 30,	2013	2012
Assets		
Current assets:		
Cash:		
Unrestricted	\$ 61,978	53,230
Temporarily restricted	31,869	30,647
Accounts receivable	2,055	5,614
Prepaid expenses	7,192	6,248
Total current assets	103,094	95,739
Property and equipment:		
Furniture and fixtures	42,727	40,879
Broadcast equipment	363,374	380,794
Building	303,669	303,669
Land	55,000	55,000
Total property and equipment	764,770	780,342
Less accumulated depreciation	(371,785)	(358,393)
Net property and equipment	392,985	421,949
Total Assets	\$ 496,079	517,688
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	923	4,947
Payroll liabilities	13,037	12,997
Current portion of long term debt	3,646	3,486
Deferred revenue	30,869	30,647
Total current liabilities	48,475	52,077
Long term debt, net of current	63,917	67,563
Total liabilities	112,392	119,640
Net assets:		
Unrestricted net assets, designated for:		
Operations	57,265	47,148
Property and equipment, net of related debt	325,422	350,900
Temporarily restricted net assets	1,000	-
Total net assets	383,687	398,048
Total Liabilities and Net Assets	\$ 496,079	517,688

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Statements of Activities

Years Ended June 30,	2013	2012
Changes in unrestricted net assets:		
From operating activities:		
Support and revenues:		
Support:		
Grant income	\$ 246,231	301,076
In-kind donations and contributed assets	8,645	150
Contributions	3,459	4,025
Temporarily restricted net assets released from restriction	-	9,621
Total support	258,335	314,872
Revenue:		
Program underwriting	28,085	25,250
Special events, net of direct expenses of \$5,961 for 2013 and \$4,639 for 2012	13,473	7,356
Memberships	27,451	24,548
Other income	2,985	4,079
Total revenue	71,994	61,233
Total unrestricted support and revenues	330,329	376,105
Expenses:		
Program services:		
Programming and production	120,099	107,401
Broadcasting and technical	58,180	61,665
Total program services	178,279	169,066
Supporting services:		
Administration	115,172	149,784
Fundraising	52,317	21,585
Total supporting services	167,489	171,369
Total expenses	345,768	340,435
Increase (decrease) in unrestricted net assets from operating activities	(15,439)	35,670
From non-operating activities:		
Loss on disposal of asset	-	(1,069)
Interest income	78	60
(Decrease) increase in unrestricted net assets from non-operating activities	78	(1,009)
Changes in temporarily restricted net assets:		
Contributions	1,000	1,000
Temporarily restricted net assets released from restriction	-	(9,621)
Increase (decrease) in temporarily restricted net assets	1,000	(8,621)
Change in net assets	(14,361)	26,040
Net Assets, beginning of year	398,048	372,008
Net Assets, end of year	\$ 383,687	398,048

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Statement of Functional Expenses

<i>Year Ended June 30, 2013</i>	Program Services		Supporting Services		Total
	Programming and Production	Broadcasting and Technical	Fundraising	Admin- istration	
Personnel costs	\$ 80,748	\$ 4,236	\$ 38,356	\$ 63,267	\$ 186,607
Depreciation	2,848	26,510	42	9,908	39,308
Programming and production costs	32,704	-	-	-	32,704
Utilities	-	15,903	-	7,309	23,212
Professional fees	1,050	6,510	1,500	10,644	19,704
Insurance	-	-	-	10,739	10,739
Supplies	1,336	2,355	4,004	2,063	9,758
Telephone and postage	1,184	1,385	1,682	1,537	5,788
Repairs and maintenance	-	1,065	-	3,984	5,049
Advertising	36	-	3,657	11	3,704
Interest	-	-	-	3,126	3,126
Dues and subscriptions	60	20	-	250	330
Travel	33	196	-	-	229
Other expenses	100	-	3,076	2,334	5,510
	\$ 120,099	\$ 58,180	\$ 52,317	\$ 115,172	\$ 345,768

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Statement of Functional Expenses

<i>Year Ended June 30, 2012</i>	Program Services		Supporting Services		Total
	Programming and Production	Broadcasting and Technical	Fundraising	Admin- istration	
Personnel costs	\$ 68,638	\$ -	\$ 13,946	\$ 95,905	\$ 178,489
Depreciation	2,639	30,859	101	9,962	43,561
Programming and production costs	31,434	-	-	-	31,434
Utilities	-	17,953	-	7,806	25,759
Professional fees	923	5,741	500	12,300	19,464
Insurance	-	-	-	10,821	10,821
Repairs and maintenance	-	4,922	1,026	3,785	9,733
Telephone and postage	1,199	1,390	1,862	2,017	6,468
Supplies	1,831	611	901	1,888	5,231
Interest	-	-	-	3,279	3,279
Advertising	-	-	1,572	-	1,572
Travel	52	189	324	677	1,242
Dues and subscriptions	292	-	-	140	432
Other expenses	393	-	1,353	1,204	2,950
	\$ 107,401	\$ 61,665	\$ 21,585	\$ 149,784	\$ 340,435

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Statements of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ (14,361)	26,040
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,308	43,561
Loss on disposal of asset	-	1,069
Change in grants receivable	-	1,056
Change in other receivables	3,559	(283)
Change in prepaid expenses	(944)	1,171
Change in accounts payable	(4,024)	4,947
Change in payroll liabilities	40	2,574
Change in deferred revenue	222	(4,323)
Net cash provided by operating activities	23,800	75,812
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	-	250
Purchase of property and equipment	(10,344)	(38,369)
Net cash used in investing activities	(10,344)	(38,119)
Cash Flows from Financing Activities		
Principle payments on long-term debt	(3,486)	(3,333)
Net increase in cash	9,970	34,360
Cash, beginning of period	83,877	49,517
Cash, End of Period	\$ 93,847	83,877
Reconciliation to the statements of financial position - cash:		
Unrestricted	\$ 61,978	53,230
Temporarily restricted	31,869	30,647
Total Cash	\$ 93,847	83,877
Supplemental disclosure of cash flow information -		
cash paid during the year for interest	\$ 3,126	3,279

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Notes to Financial Statements

June 30, 2013

1. Organization and Summary of Significant Accounting Policies

Organization

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.

Talkeetna Community Radio, Inc.

Notes to Financial Statements

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.

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.

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.

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

Subsequent Events

The Corporation has evaluated subsequent events through November 12, 2013, the date on which the financial statements were 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, 2013.

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

	2013		2012	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Checking accounts	\$ 52,370	\$ 52,841	\$ 45,600	\$ 46,317
Savings accounts	41,006	41,006	37,560	37,560
	<u>\$ 93,376</u>	<u>\$ 93,847</u>	<u>\$ 83,160</u>	<u>\$ 83,877</u>

3. Long Term Debt

On February 3, 2009, the Corporation borrowed money from the US Department of Agriculture for the purchase of their operating facility. 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,

2014	\$ 3,646
2015	3,814
2016	3,989
2017	4,172
2018	4,364
Thereafter	47,578
	<u>\$ 67,563</u>

Talkeetna Community Radio, Inc.

Notes to Financial Statements

4. Temporarily Restricted and Unrestricted Net Assets

In 2013, temporarily restricted contributions were received for an intern position from the Alaska Broadcasters Association. This position is expected to be paid for in 2014. At June 30, 2013, the balance of temporarily restricted net assets totaled \$1,000.

<i>Operating Activities:</i>	June 30, 2012	Temporarily Restricted Support and Revenue		June 30, 2013	Unrestricted Support and Revenue		
		Received in FY13	Released from Restriction		Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,201	\$ 2,201
Foundations	-	1,000	-	1,000	-	-	-
Corporations	-	-	-	-	-	9,353	9,353
Government	-	-	-	-	-	246,781	246,781
	-	1,000	-	1,000	-	258,335	258,335
<i>Capital Activities:</i>							
Individuals	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 258,335	\$ 258,335

Reconciliation of the Statement of Activities:

Grants	\$ 246,231
In-kind services	8,645
Contributions	3,459
Temporarily restricted released	-
Total	\$ 258,335

In 2011, temporarily restricted contributions were received for a Sustainability Snapshot from the Mat-Su Health Foundation. At June 30, 2011, the balance of temporarily restricted net assets totaled \$8,621. The entire amount was used for its intended purpose and therefore, was released from restriction, for the year ended June 30, 2012.

Talkeetna Community Radio, Inc.

Notes to Financial Statements

<i>Operating Activities:</i>	June 30, 2011	Temporarily Restricted Support and Revenue		June 30, 2012	Unrestricted Support and Revenue		
		Received in FY12	Released from Restriction		Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,775	\$ 3,775
Foundations	8,621	1,000	(9,621)	-	-	-	9,621
Corporations	-	-	-	-	-	400	400
Government	-	-	-	-	-	301,076	301,076
	8,621	1,000	(9,621)	-	-	305,251	314,872
<i>Capital Activities:</i>							
Individuals	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ 8,621	\$ 1,000	\$ (9,621)	\$ -	\$ -	\$ 305,251	\$ 314,872

Reconciliation of the Statement of Activities:

Grants	\$ 301,076
In-kind services	150
Contributions	4,025
Temporarily restricted released	9,621
Total	\$ 314,872

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.