



Talkeetna Community Radio, Inc.

Financial Statements
Years Ended June 30, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 23, 2015

Financial Statements

Talkeetna Community Radio, Inc.

Statements of Financial Position

<i>June 30,</i>	2015	2014
Assets		
Current Assets		
Cash:		
Unrestricted	\$ 80,973	\$ 89,102
Temporarily restricted	31,923	31,143
Accounts receivable	5,970	2,165
Prepaid expenses	8,582	7,946
Total Current Assets	127,448	130,356
Property and Equipment		
Furniture and fixtures	42,978	42,727
Broadcast equipment	328,659	363,374
Building	303,669	303,669
Land	55,000	55,000
Total property and equipment	730,306	764,770
Less accumulated depreciation	(379,876)	(398,912)
Net Property and Equipment	350,430	365,858
Total Assets	\$ 477,878	\$ 496,214
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,041	\$ -
Payroll liabilities	11,359	11,514
Current portion of long term debt	3,989	3,814
Deferred revenue	30,923	31,143
Total Current Liabilities	47,312	46,471
Long term debt, net of current	56,113	60,102
Total Liabilities	103,425	106,573
Net Assets		
Unrestricted net assets, designated for:		
Operations	83,125	87,699
Property and equipment, net of related debt	290,328	301,942
Temporarily restricted net assets	1,000	-
Total Net Assets	374,453	389,641
Total Liabilities and Net Assets	\$ 477,878	\$ 496,214

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Statements of Activities

<i>Years Ended June 30,</i>	2015	2014
Changes in Unrestricted Net Assets		
From operating activities:		
Support and revenues:		
Support:		
Grant income	\$ 249,309	\$ 247,781
In-kind donations and contributed assets	715	1,090
Contributions	10,103	3,830
Temporarily restricted net assets released from restrictions	-	1,000
Total support	260,127	253,701
Revenue:		
Program underwriting	29,040	28,859
Special events, net of direct expenses of \$3,055 for 2015 and \$11,060 for 2014	7,473	8,198
Memberships	30,740	28,603
Other income	4,761	7,913
Total revenue	72,014	73,273
Total Unrestricted Support and Revenues	332,141	326,974
Expenses		
Program services:		
Programming and production	127,949	117,815
Broadcasting and technical	42,559	45,365
Total program services	170,508	163,180
Supporting services:		
Administration	127,337	117,488
Fundraising	50,560	39,416
Total supporting services	177,897	156,904
Total Expenses	348,405	320,084
Increase (decrease) in unrestricted net assets from operating activities	(16,264)	6,890
From non-operating activities -		
interest income	76	64
Increase in unrestricted net assets from non-operating activities	76	64
Changes in Temporarily Restricted Net Assets		
Contributions	1,000	-
Temporarily restricted net assets released from restrictions	-	(1,000)
Increase (Decrease) in Temporarily Restricted Net Assets	1,000	(1,000)
Change in Net Assets	(15,188)	5,954
Net Assets, beginning of year	389,641	383,687
Net Assets, end of year	\$ 374,453	\$ 389,641

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.

Statement of Functional Expenses

<i>Year Ended June 30, 2014</i>	Program Services		Supporting Services		Total
	Programming and Production	Broadcasting and Technical	Fundraising	Admin- istration	
Personnel costs	\$ 73,418	\$ 4,896	\$ 32,180	\$ 66,365	\$ 176,859
Programming and production costs	38,285	-	-	-	38,285
Depreciation	1,458	15,501	-	10,169	27,128
Utilities	-	16,828	-	7,643	24,471
Professional fees	1,128	2,282	70	13,350	16,830
Insurance	-	-	-	12,086	12,086
Telephone and postage	1,340	1,530	2,484	1,387	6,741
Supplies	1,637	1,349	1,265	876	5,127
Repairs and maintenance	-	2,917	-	1,461	4,378
Interest	-	-	-	2,966	2,966
Advertising	-	-	1,132	90	1,222
Dues and subscriptions	270	-	250	160	680
Travel	159	62	-	-	221
Other expenses	120	-	2,035	935	3,090
	\$ 117,815	\$ 45,365	\$ 39,416	\$ 117,488	\$ 320,084

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Statements of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ (15,188)	\$ 5,954
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	22,831	27,127
Change in receivables	(3,805)	(110)
Change in prepaid expenses	(636)	(754)
Change in accounts payable	1,041	(923)
Change in payroll liabilities	(155)	(1,523)
Change in deferred revenue	(220)	274
Net cash from operating activities	3,868	30,045
Cash Flows for Investing Activities		
Purchase of property and equipment	(7,403)	-
Cash Flows for Financing Activities		
Principal payments on long-term debt	(3,814)	(3,647)
Net increase (decrease) in cash	(7,349)	26,398
Cash, beginning of period	120,245	93,847
Cash, end of period	\$ 112,896	\$ 120,245
Reconciliation to the Statements of Financial Position		
Cash:		
Unrestricted	\$ 80,973	\$ 89,102
Temporarily restricted	31,923	31,143
Total Cash	\$ 112,896	\$ 120,245
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 2,798	\$ 2,966

See accompanying notes to financial statements.

Talkeetna Community Radio, Inc.

Notes to Financial Statements June 30, 2015 and 2014

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

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. Tax years 2011-2013 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.

Subsequent Events

The Corporation has evaluated subsequent events through October 23, 2015, the date on which the financial statements were issued.

Talkeetna Community Radio, Inc.

Notes to Financial Statements

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, 2015.

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

	2015		2014	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Checking accounts	\$ 68,465	\$ 67,206	\$ 75,113	\$ 77,856
Savings accounts	45,448	45,448	41,722	41,722
Petty cash	.	242	-	667
	\$ 113,914	\$ 112,896	\$ 116,835	\$ 120,245

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,

2016	\$ 3,989
2017	4,172
2018	4,364
2019	4,564
2020	4,774
Thereafter	38,239
	\$ 60,102

Talkeetna Community Radio, Inc.

Notes to Financial Statements

4. Temporarily Restricted and Unrestricted Net Assets

In 2015, a temporarily restricted contribution was received for an intern position from the Alaska Broadcasters Association. At June 30, 2015, the balance of temporarily restricted net assets totaled \$1,000 related to this contribution.

<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
<hr/>							
<i>Capital Activities:</i>							
Individuals	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 260,127	\$ 260,127

Reconciliation of the Statement of Activities:

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

Talkeetna Community Radio, Inc.

Notes to Financial Statements

<i>Operating Activities:</i>	Temporarily Restricted Support and Revenue			Unrestricted Support and Revenue			
	June 30, 2013	Received in FY14	Released from Restriction	June 30, 2014	Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,430	\$ 2,430
Foundations	1,000	-	(1,000)	-	1,000	1,000	2,000
Corporations	-	-	-	-	-	1,490	1,490
Government	-	-	-	-	-	247,781	247,781
	1,000	-	(1,000)	-	1,000	252,701	253,701
<i>Capital Activities:</i>							
Individuals	-	-	-	-	-	-	-
Foundations	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ 1,000	\$ -	\$ (1,000)	\$ -	\$ 1,000	\$ 252,701	\$ 253,701

Reconciliation of the Statement of Activities:

Grants	\$ 247,781
In-kind services	1,090
Contributions	3,830
Temporarily restricted released	1,000
Total	\$ 253,701

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.