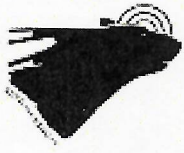


Kotzebue Broadcasting, Inc.



KOTZ-AM KINU-FM

P.O. Box 78

Kotzebue, AK 99752

(907) 442-3434

November 21, 2024

Dear Councilmembers,

Thank-you for the opportunity for Kotzebue Broadcasting, Inc. to address the Council regarding our Annual Fundraiser. We have appreciated very much the Council's willingness to support the radio station, and we sincerely hope you will continue to do so.

As you may know, the radio station struggles with funding from the loss of support for public radio from the State of Alaska. What this means to KOTZ is an approximate loss of \$80,000.00 in annual funding that helped cover news, local programming, weather, and other information relative to Northwest Alaska communities. Due to this loss, we needed to cut the Program Director position out to allow for more leeway with part-time employees and additional programming more relevant programming for our area.

With your continued support of our annual auction and donation this most certainly helps the radio station and allows us to continue what has been the most fun fundraising event for the radio station.

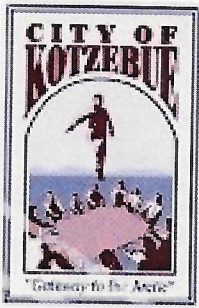
Our apologies for not having our current audit available, it is not completed as of yet. I have included 2023's audit along with our W-9 and a quick version of our bottom-line budget for 2025. These numbers list only the cost to the station to run on the bare minimum. It does not include travel, extraneous spending, it reflects only the bare minimum of what keeps the station on the air. It also includes, due to group buys, the cost of programming we are required to air ie: Alaska News Nightly, Morning Addition, All Things Considered, and Native America Calling.

Again, thank-you, we appreciate your time and consideration.

Regards,

A handwritten signature in black ink that reads "Lenora Moses". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Lenora Moses



P.O. Box 46
Kotzebue, AK 99752

City Hall
(907) 442-3401

Police Dept.
(907) 442-3351

Public Works
(907) 442-3401

Date Received By:

Internal Use Only

Donation Request Cover Sheet

Thank you for submitting a donation request to the City of Kotzebue City Council Meeting. Please note that the city council meetings are on the third Thursday of each month unless otherwise stated. Donation letters received between council meetings will be reviewed and submitted at the following council meeting. It is encouraged that residents submit donations letters early in advance to meet their deadlines. In addition, it is encouraged that a representative be present at the city council meeting that will review their request.

Organization Name: Kotzebue Broadcasting, Inc.

Address: P.O. Box 78

Name of Project Lead: Lenora Ward

Email: lward@kotz.org

Phone Number: (907) 442-3434

Project Title or Event: KOTZ Annual Fundraiser

Requested Dollar Amount: \$5,000.00

Brief Description of Project or Event: In the past, the City of Kotzebue participated in our annual auction where the city provides auction items (in the past) that included airline miles, complimentary certificates for free use of the Boy's and Girl's Club, skis, cell phones, gift cards, etc.. We've never really asked for a dollar amount as far as I know.

Document Checklist:

- Cover Letter
- Annual or Project Budget
- Audit and W-9
- Donations or other funding amounts applied for or received
- Other Supporting Documents

| | | | | | | | | | | | | | | | |
|---|-----------------|------------|------------|------------|------------|------------|-------------|------------|-------------|------------|------------|------------|------------|-------------|-------------|
| 2024 | TOTAL REVENUES: | (\$19,379) | (\$19,379) | (\$19,379) | (\$19,379) | (\$19,379) | (\$121,379) | (\$19,379) | (\$205,263) | (\$24,379) | (\$29,379) | (\$54,509) | (\$19,379) | (\$630,565) | (\$671,346) |
| NOTE: For the purpose of this budget statement revenue items are listed as negative numbers | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|--|------------|------------|------------|------------|----------|----------|------------|-----------|------------|------------|----------|------------|------------|------------|-----------|
| TOTAL OPERATIONAL COST | \$53,101 | \$53,361 | \$55,661 | \$75,007 | \$57,194 | \$57,894 | \$57,494 | \$56,494 | \$54,494 | \$54,494 | \$54,494 | \$54,494 | \$54,494 | \$53,616 | \$707,227 |
| ADD BACK DEPRECIATION / NON-OVERUNDER MARGINS WO | -\$33,722 | (\$33,982) | (\$36,282) | (\$35,628) | \$2,185 | \$63,485 | (\$38,115) | \$148,769 | (\$30,115) | (\$25,115) | \$15 | (\$35,115) | (\$53,616) | (\$35,881) | |
| | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 4,236 | 50,828 | 60,828 |
| | (\$29,486) | (\$29,746) | (\$32,046) | (\$31,392) | \$6,421 | \$67,721 | (\$33,879) | \$153,005 | (\$25,879) | (\$20,879) | \$4,251 | (\$30,879) | (\$2,788) | \$14,947 | |

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

► Go to www.irs.gov/FormW9 for instructions and the latest information.

| | | |
|--|---|---|
| Print or type. See Specific Instructions on page 3. | 1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Kotzebue Broadcasting, Inc. | |
| | 2 Business name/disregarded entity name, if different from above | |
| | 3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ► | |
| | 4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ (Applies to accounts maintained outside the U.S.) | |
| | 5 Address (number, street, and apt. or suite no.) See instructions. P.O. Box 78 | Requester's name and address (optional) |
| | 6 City, state, and ZIP code Kotzebue, AK 99752 | |
| | 7 List account number(s) here (optional) | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

| | | | | | | | | |
|--------------------------------|---|---|---|---|---|---|---|---|
| Social security number | | | | | | | | |
| | | | - | | | - | | |
| or | | | | | | | | |
| Employer identification number | | | | | | | | |
| 9 | 2 | - | 0 | 0 | 4 | 1 | 9 | 6 |

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

| | | |
|-----------|--|-----------------------------|
| Sign Here | Signature of U.S. person ► <i>Senora Moses</i> | Date ► <i>Nov. 21, 2024</i> |
|-----------|--|-----------------------------|

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

**Kotzebue Broadcasting, Inc.
Audited Financial Statements**

For the Years Ended June 30, 2023 and 2022

KOTZEBUE BROADCASTING, INC.

TABLE OF CONTENTS

| | |
|------------------------------------|-------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
|------------------------------------|-------|

FINANCIAL STATEMENTS

| | |
|---|--------|
| Statements of Financial Position..... | 3 |
| Statements of Activities..... | 4 |
| Statements of Functional Expenses | 5 |
| Statements of Cash Flows..... | 6 |
| Notes to the Financial Statements..... | 7 - 11 |

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kotzebue Broadcasting, Inc.
Kotzebue, Alaska

Opinion - We have audited the accompanying financial statements of the Kotzebue Broadcasting, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kotzebue Broadcasting, Inc., as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion - We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kotzebue Broadcasting, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements - Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Kotzebue Broadcasting, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements - Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Board of Directors
Kotzebue Broadcasting, Inc.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kotzebue Broadcasting, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kotzebue Broadcasting, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

January 14, 2024

KOTZEBUE BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents - Unrestricted | \$ 409,690 | \$ 471,011 |
| Cash and Cash Equivalents - Restricted | 296,309 | 385,837 |
| Inventory | 11,481 | 10,617 |
| Prepaid Expenses | <u>7,553</u> | <u>7,183</u> |
| TOTAL CURRENT ASSETS | <u>725,033</u> | <u>874,648</u> |
| PROPERTY AND EQUIPMENT | | |
| Land | 6,000 | 6,000 |
| Buildings | 489,664 | 489,664 |
| Broadcast Equipment | 734,198 | 725,597 |
| Furniture and Fixtures | <u>67,309</u> | <u>67,309</u> |
| | 1,297,171 | 1,288,570 |
| LESS ACCUMULATED DEPRECIATION | <u>(922,132)</u> | <u>(859,931)</u> |
| PROPERTY AND EQUIPMENT - NET | <u>375,039</u> | <u>428,639</u> |
| TOTAL ASSETS | <u><u>1,100,072</u></u> | <u><u>1,303,287</u></u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 27,035 | 38,753 |
| Accrued Payroll | 12,136 | 9,292 |
| Accrued Vacation Payable | 8,201 | 6,079 |
| Payroll Taxes Payable | 1,025 | 1,113 |
| Refundable Advances | <u>296,309</u> | <u>385,837</u> |
| TOTAL CURRENT LIABILITIES | <u>344,706</u> | <u>441,074</u> |
| TOTAL LIABILITIES | <u>344,706</u> | <u>441,074</u> |
| NET ASSETS | | |
| Net Assets without Donor Restrictions | | |
| Undesignated | 380,327 | 433,574 |
| Net Investment in Property and Equipment | <u>375,039</u> | <u>428,639</u> |
| TOTAL NET ASSETS | <u>755,366</u> | <u>862,213</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 1,100,072</u></u> | <u><u>\$ 1,303,287</u></u> |

See Independent Auditor's Report and Notes to the Financial Statements

KOTZEBUE BROADCASTING, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Support | | |
| Grants | \$ 311,719 | \$ 313,144 |
| Contributions and Memberships | 111,218 | 203,769 |
| Contributed Services | - | 2,000 |
| Subtotal - Support | <u>422,937</u> | <u>518,913</u> |
| Revenue | | |
| Underwriting | 27,388 | 25,956 |
| Gaming | 104,784 | 99,011 |
| Rental and Other Income | 27,994 | 27,172 |
| Subtotal - Revenue | <u>160,166</u> | <u>152,139</u> |
| Total Revenue and Support | <u>583,103</u> | <u>671,052</u> |
| Expenses | | |
| Programming and Production | 138,179 | 118,894 |
| Technical | 241,500 | 122,813 |
| Fundraising | 153,721 | 112,069 |
| Administration | <u>156,550</u> | <u>291,314</u> |
| Total Expenses | <u>689,950</u> | <u>645,090</u> |
| INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>(106,847)</u> | <u>25,962</u> |
| CHANGE IN NET ASSETS | (106,847) | 25,962 |
| NET ASSETS AT BEGINNING OF YEAR | <u>862,213</u> | <u>836,251</u> |
| NET ASSETS AT END OF YEAR | <u><u>\$ 755,366</u></u> | <u><u>\$ 862,213</u></u> |

See Independent Auditor's Report and Notes to the Financial Statements

KOTZEBUE BROADCASTING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2023 and 2022

| | Program Services | | Support Services | | 2023 |
|----------------------------|----------------------------------|----------------------------------|------------------|----------------|-------------------|
| | Programming and Production | Broadcasting and Technical | Fund Raising | Administration | Totals |
| Personnel | \$ 86,176 | 148,858 | 63,336 | 7,715 | \$ 306,085 |
| Programming and Production | 36,167 | 4,292 | 11,204 | 12,306 | 63,969 |
| Utilities | 10,804 | 19,196 | 27,618 | 37,288 | 94,906 |
| Telephone and Postage | 3,522 | 2,725 | 9,451 | 861 | 16,559 |
| Gaming Taxes and Supplies | - | - | 32,925 | 96 | 33,021 |
| Special Events | - | - | - | 5,828 | 5,828 |
| Insurance | - | - | - | 18,482 | 18,482 |
| Repairs and Maintenance | - | 15,828 | - | 12,923 | 28,751 |
| Professional Fees | 1,000 | 31,328 | 8,380 | 9,218 | 49,926 |
| Other | 510 | 1,499 | 40 | 8,173 | 10,222 |
| Depreciation | - | 17,774 | 767 | 43,660 | 62,201 |
| TOTALS | \$ 138,179 | 241,500 | 153,721 | 156,550 | \$ 689,950 |

| | Program Services | | Support Services | | 2022 |
|----------------------------|----------------------------------|----------------------------------|------------------|----------------|-------------------|
| | Programming and Production | Broadcasting and Technical | Fund Raising | Administration | Totals |
| Personnel | \$ 50,438 | 75,886 | 44,415 | 133,829 | \$ 304,568 |
| Programming and Production | 31,115 | 4,973 | 2,838 | 9,946 | 48,872 |
| Utilities | 10,098 | 19,302 | 12,801 | 33,211 | 75,412 |
| Telephone and Postage | 4,584 | 4,848 | 2,838 | 8,544 | 20,814 |
| Gaming Taxes and Supplies | - | - | 27,524 | - | 27,524 |
| Special Events | - | 18 | 720 | 4,697 | 5,435 |
| Insurance | 1,182 | 2,258 | 9,970 | 3,886 | 17,296 |
| Repairs and Maintenance | 1,534 | 8,106 | 45 | 9,317 | 19,002 |
| Professional Fees | - | 6,516 | 7,258 | 37,849 | 51,623 |
| Travel | - | 815 | - | 2,984 | 3,799 |
| Other | 30 | 91 | 951 | 10,579 | 11,651 |
| Depreciation | - | 19,913 | 709 | 36,472 | 57,094 |
| Contributed Services | - | - | 2,000 | - | 2,000 |
| TOTALS | \$ 98,981 | 142,726 | 112,069 | 291,314 | \$ 645,090 |

KOTZEBUE BROADCASTING, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (106,847) | \$ 25,962 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating activities: | | |
| Depreciation | 62,201 | 57,094 |
| (Increase) Decrease in operating assets | | |
| Inventory | (864) | (6,687) |
| Prepaid Expenses and Other Assets | (370) | (3) |
| Increase (Decrease) in operating liabilities | | |
| Accounts Payable | (11,718) | 25,488 |
| Accrued Payroll and Related Liabilities | 4,878 | (6,052) |
| Refundable Advances | <u>(89,528)</u> | <u>96,536</u> |
| NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES | <u>(142,248)</u> | <u>192,338</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for Equipment | <u>(8,601)</u> | <u>(7,998)</u> |
| NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES | <u>(8,601)</u> | <u>(7,998)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (150,849) | 184,340 |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>856,848</u> | <u>672,508</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$ 705,999</u></u> | <u><u>\$ 856,848</u></u> |
| Cash and Cash Equivalents: | | |
| Unrestricted | \$ 409,690 | \$ 471,011 |
| Restricted | <u>296,309</u> | <u>385,837</u> |
| Ending Cash and Cash Equivalents: | <u><u>\$ 705,999</u></u> | <u><u>\$ 856,848</u></u> |

See Independent Auditor's Report and Notes to the Financial Statements

KOTZEBUE BROADCASTING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

NOTE 1 – NATURE OF THE ORGANIZATION

Kotzebue Broadcasting, Inc. (KOTZ, the Organization) is a non-profit public radio station incorporated to provide and promote noncommercial educational radio broadcasting in the Kotzebue region of Alaska. The financial statements are presented on the accrual basis of accounting. The more significant accounting policies are summarized below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Revenue and Support Recognition – Support

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

A majority of KOTZ's support is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when KOTZ has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Membership dues, which are nonrefundable, and considered a contribution are recognized immediately.

Special events revenue does not consist of substantial exchange elements that directly benefit donors and therefore are considered a contribution and recognized immediately, unless there is a right of return if the special event does not take place.

KOTZEBUE BROADCASTING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenues

Rental Income

KOTZ rents out office space to other organizations and recognizes revenue over the term of the leases as obligations are fulfilled by KOTZ. KOTZ bills tenants before the first of every month and requires payments to be made within five days of the first day of each month. There were no related contract assets or deferred revenues related to rental revenue for the year, nor any beginning or ending balances

Underwriting

KOTZ provides underwriting services to companies and organizations in the Northwest Arctic Borough. Revenue is recognized at the time the spot plays.

Gaming

Gaming revenues are recognized at the time of sale.

Financial Statement Presentation – The Organization's accounting records are maintained on the accrual basis of accounting under which revenues are recognized when earned and expenses when incurred.

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 and 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.

Donated Materials and Services – Donated materials and services meeting the criteria of FASB ASC 958-205 "*Not-for-Profit Entities: Presentation of Financial Statements*" are recorded at their estimated fair value as of the date of the contribution. The amount of the contribution is presented as both support and expense in the accompanying financial statements.

Cash and Cash Equivalents – For purposes of the statement of cash flows, KOTZ considers all demand deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

KOTZEBUE BROADCASTING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory – Inventory consists of unopened Games of Chance and is stated at cost on a first-in, first-out basis, as well as sweatshirts and membership premiums.

Property and Equipment – Property and equipment is recorded at cost or, in the case of donated property, at its estimated fair value as of the date of the contribution. The organization does not have a capitalization policy. Depreciation is provided using the straight-line method over the estimated useful lives of the property, which range from five to fifteen years. Expenditures for repairs and maintenance are charged against operations as incurred.

Income Taxes – KOTZ is exempt from federal and state income taxes as a non-profit corporation under Section 501 (c) (3) of the Internal Revenue Code and is classified as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses – The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

| <u>Expense</u> | <u>Method of Allocation</u> |
|--------------------------|-----------------------------|
| Salaries and benefits | Time and effort |
| Occupancy | Square footage |
| Office and board expense | Time and effort |
| Travel | Time and effort |
| Other | Time and effort |

NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program and Production – Includes the personnel and direct production costs related to public broadcast programming.

Broadcasting and Technical – Includes the direct costs for maintenance, support and replacement of the facility and equipment used for public broadcasting.

Administration – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the General Manager; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising – Provides the structure necessary to encourage and secure private financial support.

KOTZEBUE BROADCASTING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

NOTE 4 – CASH

The Organization maintains funds in several accounts at two banks. The funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account holder. Balances at financial institutions exceeded the FDIC insured amounts by a total of \$511,007 and \$607,391 at June 30, 2023 and 2022, respectively.

NOTE 5 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

| Financial assets at year-end: | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 705,999 | \$ 856,848 |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 705,999</u> | <u>\$ 856,848</u> |

NOTE 6 – MAJOR FUNDING SOURCES

KOTZ received \$244,120 and \$220,930 from the Corporation for Public Broadcasting (CPB) during the fiscal years ended June 30, 2023 and 2022, respectively. During the fiscal years ended June 30, 2023 and 2022, CPB assistance totaled approximately 41% and 33% of total revenue, respectively.

NOTE 7 – PROPERTY AND EQUIPMENT

Depreciation expense totaled \$62,201 and \$57,094 for the years ended June 30, 2023 and 2022, respectively. Property and equipment totaling \$8,601 and \$7,998 was purchased during the years ended June 30, 2023 and 2022, respectively.

NOTE 8 – REFUNDABLE ADVANCES

Refundable advances are made up of multiple contributions of which the conditions have not been met and consist of the following balances:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------------|-------------------|
| Northwest Arctic Borough: | | |
| Village Improvement Fund | \$ - | \$ 101,899 |
| CPB | 296,309 | 283,938 |
| | <u>\$ 296,309</u> | <u>\$ 385,837</u> |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

KOTZ receives grants that are subject to audit and adjustment by the grantor agencies. Any expenditure disallowed as a result of such an audit and for which grant monies had been expended would become a liability of KOTZ. At June 30, 2023 and 2022, no such audit was pending and the current management of KOTZ does not anticipate any such liability arising that would have a material effect on the financial condition of KOTZ.

KOTZEBUE BROADCASTING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

NOTE 10 – GAMING ACTIVITY

KOTZ operates a pull-tab gaming activity in support of its exempt purpose. Prize payouts are generally paid in cash out of gross gaming receipts and the net amount realized is recognized in the accompanying statements of activities as gaming revenue. Gaming activities for the fiscal years ended June 30 are as follows:

| | 2023 | 2022 |
|-------------------------------|------------|------------|
| Gross Gaming Receipts | \$ 769,137 | \$ 651,294 |
| Less: Prize Payouts and taxes | (620,878) | (552,283) |
| Net Gaming Revenue | \$ 148,259 | \$ 99,011 |

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2024, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally accepted accounting principles.

OTHER FUNDRAISING REQUESTS:

Auction & donations received:

KIC: Auction \$631.00

Empress: 4 gift certificates (\$25.00 ea)

Husky Cab: \$500.00

AC: 5 gift certificates (\$50.00 ea)

These are all pending:

| | |
|---|------------------|
| NANA Auction scheduled for Tuesday Nov 19 | Requested: \$25K |
|---|------------------|

| | |
|------------------------------|---------------------|
| Maniilaq – Not yet scheduled | Will Request: \$20K |
|------------------------------|---------------------|

| | |
|--------------------------|---------------------|
| NWAB – Not yet scheduled | Will Request: \$40K |
|--------------------------|---------------------|