

KEYA RADIO, INC.
BELCOURT, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
KEYA Radio, Inc.
Belcourt, North Dakota

Opinion

We have audited the accompanying financial statements of KEYA Radio, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, 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 KEYA Radio, Inc. as of September 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 KEYA Radio, 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 about KEYA Radio, 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.

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 KEYA Radio, 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 KEYA Radio, 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.



BRADY, MARTZ & ASSOCIATES, P.C.
MINOT, NORTH DAKOTA

April 29, 2024

KEYA RADIO, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 493,150	\$ 730,591
Restricted cash	-	59,483
Underwriting receivable, net of allowance for doubtful accounts of \$2,750 in 2023 and \$4,000 in 2022	14,142	11,919
Grant receivable	5,000	5,000
Pledges receivable	1,537	1,742
Prepaid expenses	11,358	7,998
Total current assets	<u>525,187</u>	<u>816,733</u>
Property and equipment, net of accumulated depreciation	<u>729,766</u>	<u>559,457</u>
Other assets		
Reserve cash fund	14,208	14,208
Total assets	<u><u>\$ 1,269,161</u></u>	<u><u>\$ 1,390,398</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ 2,608	\$ 2,487
Accounts payable	39,118	87,000
Accrued compensated absences	23,658	22,185
Accrued salaries and payroll withholdings	10,665	7,538
Deferred revenue	30,450	43,458
Total current liabilities	<u>106,499</u>	<u>162,668</u>
Long-term debt, net of current portion	<u>51,803</u>	<u>54,411</u>
Total liabilities	<u>158,302</u>	<u>217,079</u>
Net assets		
Net assets without donor restrictions	1,110,859	1,113,836
Net assets with donor restrictions	-	59,483
Total net assets	<u>1,110,859</u>	<u>1,173,319</u>
Total liabilities and net assets	<u><u>\$ 1,269,161</u></u>	<u><u>\$ 1,390,398</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

KEYA RADIO, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Community service grants from		
Corporation for Public Broadcasting	\$ 215,534	\$ 226,706
Gaming	191,008	217,754
Underwriting	75,701	76,363
Fundraising	65,424	75,371
In-kind contributions	1,444	2,110
Local grants	-	2,133
Pledges and donations	15,469	24,429
Rental income	1,200	2,400
Tribal grants	30,000	30,000
Interest income	607	4
Insurance proceeds	-	190,000
Net assets released from restrictions	63,894	55,801
Bad debt recoveries	1,250	-
Total revenue and support	<u>661,531</u>	<u>903,071</u>
Expenses		
Program services	374,538	351,525
Support services		
Management and general	100,509	94,950
Fundraising and member development	158,585	168,306
Underwriting and grant solicitation	30,876	31,727
Total expenses	<u>664,508</u>	<u>646,508</u>
Change in net assets without donor restrictions	(2,977)	256,563
Net assets without donor restrictions, beginning of year	<u>1,113,836</u>	<u>857,273</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,110,859</u></u>	<u><u>\$ 1,113,836</u></u>

NET ASSETS WITH DONOR RESTRICTIONS		
Revenue and support		
Pledges and donations	\$ 4,411	\$ -
Net assets released from restrictions	<u>(63,894)</u>	<u>(55,801)</u>
Change in net assets with donor restrictions	(59,483)	(55,801)
Net assets with donor restrictions, beginning of year	<u>59,483</u>	<u>115,284</u>
Net assets with donor restrictions, end of year	<u><u>\$ -</u></u>	<u><u>\$ 59,483</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

KEYA RADIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program	Support Services			Total
		Management and General	Fundraising and Member Development	Underwriting and Grant Solicitation	
Salaries and wages	\$178,116	\$ 65,026	\$ 11,309	\$ 28,272	\$282,723
Payroll taxes and employee benefits	16,408	5,990	1,042	2,604	26,044
Professional fees	20,242	5,060	-	-	25,302
Advertising and promotion	49	-	-	-	49
Office expense:					
Supplies, postage and printing	13,070	3,267	-	-	16,337
Telephone	6,492	1,708	342	-	8,542
Occupancy expenses:					
Utilities	12,286	3,072	-	-	15,358
Repairs and maintenance	15,188	-	-	-	15,188
Gaming	-	-	111,945	-	111,945
Fundraising	-	-	33,947	-	33,947
Programming	42,596	-	-	-	42,596
Interest	2,649	-	-	-	2,649
Depreciation	42,637	10,659	-	-	53,296
Insurance	18,946	4,737	-	-	23,683
Travel	3,959	990	-	-	4,949
Dues and subscriptions	1,750	-	-	-	1,750
Announcer stipend	120	-	-	-	120
Miscellaneous	30	-	-	-	30
Total expenses	<u>\$374,538</u>	<u>\$ 100,509</u>	<u>\$ 158,585</u>	<u>\$ 30,876</u>	<u>\$664,508</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

KEYA RADIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program	Support Services			Total
		Management and General	Fundraising and Member Development	Underwriting and Grant Solicitation	
Salaries and wages	\$188,102	\$ 68,672	\$ 11,943	\$ 29,858	\$298,575
Payroll taxes and employee benefits	11,776	4,299	748	1,869	18,692
Professional fees	15,917	3,979	-	-	19,896
Advertising and promotion	288	-	-	-	288
Office expense:					
Supplies, postage and printing	7,546	1,887	-	-	9,433
Telephone	6,886	1,812	362	-	9,060
Occupancy expenses:					
Utilities	14,375	3,594	-	-	17,969
Repairs and maintenance	17,970	-	-	-	17,970
Gaming	-	-	117,311	-	117,311
Fundraising	-	-	37,942	-	37,942
Programming	38,687	-	-	-	38,687
Interest	2,764	-	-	-	2,764
Depreciation	31,548	7,887	-	-	39,435
Insurance	5,693	1,423	-	-	7,116
Travel	5,590	1,397	-	-	6,987
Dues and subscriptions	1,933	-	-	-	1,933
Bad debts	2,150	-	-	-	2,150
Announcer stipend	300	-	-	-	300
Total expenses	<u>\$351,525</u>	<u>\$ 94,950</u>	<u>\$ 168,306</u>	<u>\$ 31,727</u>	<u>\$646,508</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

KEYA RADIO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (62,460)	\$ 200,762
Adjustment to reconcile change in net assets to net cash provided for operating activities:		
Depreciation expense	53,296	39,435
Changes in operating assets and liabilities:		
Underwriting receivable	(2,223)	(6,157)
Pledges receivable	205	(1,592)
Prepaid expenses	(3,360)	(5,711)
Accounts payable	(47,882)	(20,500)
Accrued compensated absences	1,473	466
Accrued salaries and payroll withholdings	3,127	(729)
Deferred revenue	(13,008)	37,216
Net cash provided (used) for operating activities	<u>(70,832)</u>	<u>243,190</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(223,605)</u>	<u>(185,345)</u>
Net cash used for investing activities	<u>(223,605)</u>	<u>(185,345)</u>
Cash flows from financing activities		
Principal payments on long-term debt	<u>(2,487)</u>	<u>(2,372)</u>
Net cash used for financing activities	<u>(2,487)</u>	<u>(2,372)</u>
Increase (decrease) in cash and cash equivalents	(296,924)	55,473
Cash and cash equivalents, beginning of year	804,282	748,809
Cash and cash equivalents, end of year	<u>\$ 507,358</u>	<u>\$ 804,282</u>
Cash and cash equivalents	\$ 493,150	\$ 730,591
Reserve cash fund	14,208	14,208
Restricted cash	-	59,483
	<u>\$ 507,358</u>	<u>\$ 804,282</u>
Supplemental disclosure of cash flow information		
Cash payments for interest	<u>\$ 2,649</u>	<u>\$ 2,764</u>
Supplemental disclosure of noncash investing activities		
PP&E acquired with issuance of accounts payable	<u>\$ -</u>	<u>\$ 75,208</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

KEYA Radio, Inc. (the Station) is a North Dakota non-profit corporation that was organized to operate a noncommercial public radio station to serve the population of the Turtle Mountain area. Major revenue sources are community service grants received from the Corporation for Public Broadcasting and gaming revenue.

Basis of Accounting

The accompanying financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, ("GAAP"), as codified by the Financial Accounting Standards Board. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Station, the accounts of the Station are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances of the Station are reported in two self-balancing fund types as follows:

Net assets without donor restrictions include unrestricted resources and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. The governing board may delegate designation decisions to internal management. Such designations are considered to be included in board-designated net assets. All designated funds have been designated by the Station for Station improvements with USDA Rural Development.

Net assets with donor restrictions represent net assets resulting from contributions and other inflows of assets whose use by the Station is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, stipulating that resources are to be used after a specified date, for particular programs or services or to acquire buildings or equipment. Other donor-imposed restrictions are perpetual in nature, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment return from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include checking, savings, and other cash accounts.

Underwriting Receivables and Credit Policies

Underwriting receivables are uncollateralized, non-interest-bearing customer obligations due upon receipt of invoice. Payments of underwriting receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of underwriting receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management considers history of customer collections and customer reputation in the community when estimating collectability. Underwriting receivables are written off when they are deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Pledges Receivable

Pledges receivable are expected to be collected within one year of the statement of financial position date and are recorded at their net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management has determined that discount on pledges receivable would be immaterial to the financial statements as a whole, for the years ended September 30, 2023 and 2022. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management considers history of donor collections and donor reputation in the community when estimating collectability. Pledges receivable are written off when they are deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management has determined that no allowance for pledges receivable is required as of September 30, 2023 and 2022.

Revenue Recognition

Under Topic ASU 606, revenue from contracts with customers are recognized over time upon delivery of services to the customer. The Station provides underwriting services for various businesses in its listening area. Some of these services are performed in advance, creating accounts receivable until payment for services is received.

Contributions

Under professional standards, contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions.

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

Under ASU Topic 958, the Station recognizes contributions when cash, an unconditional promise to give, or notification of a beneficial interest is received. Depending on the existence and/or nature of any restrictions, contributions received are recorded as support with donor restrictions or support without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. 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 Statement of Activities and Changes in Net Assets as net assets released from restrictions.

In-Kind Contributions

Contributed facilities and gaming fees are recorded at their estimated fair value at the date of donation. The Station reports nonmonetary contributions as unrestricted revenue in the accompanying Statement of Activities and Changes in Net Assets.

Property, Equipment and Depreciation

Expenditures for the acquisition of property and equipment are capitalized at cost, except for donated assets, which are reported at fair market value at the time the donation is received. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense currently. The Station capitalizes items with an individual price of \$1,000 or greater. Proceeds from sale of property and equipment, if unrestricted, are included in net assets without donor restrictions or, if temporarily restricted by nature, they are added to deferred amounts restricted for acquisitions.

Depreciation of buildings and equipment is calculated on the straight-line method over the following estimated useful lives:

Buildings, improvements and towers	10 - 50 years
Broadcasting equipment	10 years
Production equipment	5 - 10 years
Furniture and fixtures	10 - 50 years

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

Advertising Expense

Costs incurred for advertising are expensed as incurred.

Recently Adopted Accounting Pronouncements

In 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets. The ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The Station has implemented the provisions of ASU 2020-07 applicable to the presentation and disclosures and the implementation of this standard has no effect on net assets.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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 were used.

Income Taxes

The Station is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. In addition, the agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

The Station's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

NOTE 2 PROPERTY AND EQUIPMENT

	2023	2022
Buildings	\$ 431,487	\$ 400,187
Furniture and equipment	1,020,634	828,329
Total property and equipment	1,452,121	1,228,516
Less accumulated depreciation	(722,355)	(669,059)
Property and equipment, net	<u>\$ 729,766</u>	<u>\$ 559,457</u>

Depreciation expense totaled \$53,296 and \$39,435 for the years ended September 30, 2023 and 2022, respectively.

NOTE 3 LONG-TERM DEBT

Details pertaining to long-term debt as of September 30, 2023 and 2022 are as follows:

	2023	2022
4.75% note payable to USDA Office of Rural Development, due in monthly installments of \$428 including interest, to October 2038, secured by substantially all assets of the Station	\$ 54,411	\$ 56,898
Less current maturities	(2,608)	(2,487)
Total long-term debt	<u>\$ 51,803</u>	<u>\$ 54,411</u>

In accordance with the debt agreement, in the event of a covenant violation, the lender reserves the right to call the debt at any time. During the years ended September 30, 2023 and 2022, the Station met the reserve balance requirement.

Minimum annual principal payments required on the above debt per the agreement are as follows:

Years Ending September 30,	Amount
2024	\$ 2,608
2025	2,735
2026	2,867
2027	3,006
2028	3,152
2029-2033	18,212
2034-2038	21,831
	<u>\$ 54,411</u>

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

NOTE 4 CASH RESERVE FUND

The terms of the USDA Rural Housing Service Community Facilities Loan require the Station to set aside \$120 per month until the reserve fund has accumulated a balance of \$14,208. The reserve fund is to be used by the Station to repair or replace any damage to the facility caused by a catastrophe or make extensions or improvements to the facility. The reserved funds are deposited in a savings account that earns a nominal interest rate. Reserved cash totaled \$14,208 for each of the years ended September 30, 2023 and 2022.

NOTE 5 OPERATING LEASE

The Station leases its security system. The lease term expired in July 2018, and the Station has continued the lease on month-to-month terms at a rate of \$62 per month. In addition, the Station rents gaming hall and fundraising activity facilities on an as needed basis.

Rental expense for all operating lease agreements totaled approximately \$750 for the years ended September 30, 2023 and 2022.

NOTE 6 IN-KIND CONTRIBUTIONS

The Station received donated services, without donor restrictions, with an estimated fair value at the date of donation of \$1,444 and \$2,110 for the years ended September 30, 2023 and 2022, respectively. The services are used and distributed through of the Station's program and support services.

NOTE 7 COMMUNITY SERVICE GRANT

In September 2022, the Station was awarded a community service grant in the amount of \$215,534 from the Corporation for Public Broadcasting. The grant is used to help support the operations of the Station for the period of October 1, 2022 to September 30, 2024. Of this grant, \$46,549 were restricted and the funds are to be used for the acquisition, production, promotion, and distribution of national programming. As of September 30, 2023, all restricted funds have been expended.

NOTE 8 NONFEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS includes payments from any State, or any educational institution in exchange for services or materials with respect to the provision of educational or instructional television or radio programs. Payments received by a public broadcast station from any other sources (e.g. for-profit entities or individuals), including nonprofit organizations that are not educational institutions, or for any other purposes may not be included as NFFS.

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

For the years ended September 30, 2023 and 2022, reported NFFS for the Station was as follows:

	2023	2022
Cash receipts	\$ 233,338	\$ 453,701
In-kind contributions	1,444	2,110
Total NFFS	<u>\$ 234,782</u>	<u>\$ 455,811</u>

NOTE 9 REVENUE RECOGNITION IN ACCORDANCE WITH FASB ASC 606

Accounts receivable from contracts with customers were as follows:

	September 30, 2023	September 30, 2022	September 30, 2021
Receivables from contracts with customers	\$ 16,892	\$ 15,919	\$ 7,612

NOTE 10 DEFERRED REVENUE

Deferred revenue from contracts with customers were as follows:

	September 30, 2023	September 30, 2022	September 30, 2021
Deferred Revenue from contracts with customers	\$ 30,450	\$ 43,458	\$ 6,242

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2023 AND 2022

NOTE 11 CONCENTRATION OF RISK

A substantial portion of the Station's funding is received from the Corporation for Public Broadcasting (CPB). A decrease in the amount of funding from CPB would most likely make it impossible for the Station to continue operations. Continued support from CPB is not assured and could vary considerably in the future.

The Station maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Station has not experienced any losses in such accounts nor does the Station believe it is exposed to any significant credit risk on cash accounts.

NOTE 12 INCOME TAXES

It is the opinion of management that the Station has no significant uncertain tax positions that would be subject to change upon examination. The federal information returns of the Station are subject to examination by the IRS, generally for three years after they were filed. The Station is current on all required filings.

NOTE 13 NET ASSETS WITHOUT DONOR RESTRICTIONS

KEYA Radio, Inc.'s governing board has board policies that affect the presentation of board designation on net assets. A schedule of net assets without donor restriction for the years ended September 30, 2023 and 2022 is as follows:

	2023	2022
Undesignated	\$ 1,096,651	\$ 1,099,628
Designated - debt service	14,208	14,208
Total	<u>\$ 1,110,859</u>	<u>\$ 1,113,836</u>

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include donations restricted by donors to be used for the specified purpose of purchasing a new transmitter tower for the Station. Net assets with donor restrictions totaled \$0 and \$59,483 as of September 30, 2023 and 2022, respectively.

KEYA RADIO, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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NOTE 15 SUMMARY OF FINANCIAL ASSETS AVAILABLE FOR GENERAL USE

The following reflects KEYA Radio, Inc.'s financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for other board designated restrictions that could be drawn upon if the governing board approves that action. However, amounts already appropriated for either donor-restricted purposes or general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	2023	2022
Cash and cash equivalents	\$ 493,150	\$ 730,591
Restricted Cash	-	59,483
Reserve cash fund	14,208	14,208
Underwriting receivable, net	14,142	11,919
Grant receivable	5,000	5,000
Pledges receivable	1,537	1,742
Total financial assets, at year-end	528,037	822,943
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	-	59,483
Designations:		
Reserve cash fund	14,208	14,208
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 513,829</u>	<u>\$ 749,252</u>

NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments – ASU 2016-13 significantly changes the impairment model for most financial assets and certain other instruments. ASU 2016-13 will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, which will generally result in earlier recognition of allowances for credit losses on loans and other financial instruments. The guidance will be effective for the Station for fiscal years beginning after October 1, 2023.

Management has not yet determined what effect this pronouncement will have on the Station's financial statements.

With the exception of the new standard discussed above, we have not identified any other new accounting pronouncements that have potential significance to the Station's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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NOTE 17 SUBSEQUENT EVENTS

No other significant events occurred subsequent to the Station's year end. Subsequent events have been evaluated through April 29, 2024, which is the date these financial statements were available to be issued.