

SILAKKUAGVIK COMMUNICATIONS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 and 2022

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



Elgee Rehfeld

Alaska's CPA Firm

Founders: George Elgee, CPA & Robert Rehfeld, CPA

Partners

Janelle Anderson, CPA
Ryan Beason, CPA
Sarah Griffith, CPA
Mark Mesdag, CPA
Adam Sycks, CPA
Karen Tarver, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Silakkuagvik Communications, Inc.
Utqiagvik, AK

Report on the Financial Statements

Opinion

We have audited the financial statements of Silakkuagvik Communications, Inc. (the Organization), a nonprofit corporation, 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 accompanying financial statements present fairly, in all material respects, the financial position of Silakkuagvik Communications, 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 (GAAS). 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 the Organization 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Elgee Rehfeld

November 27, 2023

SILAKKUAGVIK COMMUNICATIONS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,075,635	\$ 973,392
Contributions and other receivables	9,393	9,564
Prepaid expenses	-	366
Total current assets	<u>1,085,028</u>	<u>983,322</u>
Property and equipment, net	<u>161,912</u>	<u>183,468</u>
Total assets	<u><u>\$ 1,246,940</u></u>	<u><u>\$ 1,166,790</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 25,031	\$ 41,820
Other payables	503	4,854
Accrued annual leave	29,694	28,981
Refundable advance	364,935	364,935
Total current liabilities	<u>420,163</u>	<u>440,590</u>
Total liabilities	<u>420,163</u>	<u>440,590</u>
Net assets - without donor restrictions:		
Invested in property and equipment	161,912	183,468
Undesignated	664,865	542,732
Total net assets without donor restrictions	<u>826,777</u>	<u>726,200</u>
Total liabilities and net assets	<u><u>\$ 1,246,940</u></u>	<u><u>\$ 1,166,790</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

SILAKKUAGVIK COMMUNICATIONS, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
REVENUES AND SUPPORT:		
Contributions:		
Contributions of cash and other financial assets	\$ 2,547	\$ 17,200
Contributions of nonfinancial assets	64,000	76,000
Membership	217,194	200,490
State and local grants	200,000	200,000
Corporation for public broadcasting grants	224,862	223,617
Underwriting	142,254	123,334
Other revenue	8,951	2,829
Total revenues and support without donor restrictions	<u>859,808</u>	<u>843,470</u>
EXPENSES:		
PROGRAM SERVICES:		
Programming and production	256,663	251,313
Technical and broadcasting	154,457	211,381
Total program services	<u>411,120</u>	<u>462,694</u>
SUPPORTING SERVICES:		
General and administrative	217,924	207,718
Fundraising and member development	130,187	127,891
Total supporting services	<u>348,111</u>	<u>335,609</u>
Total expenses	<u>759,231</u>	<u>798,303</u>
Changes in net assets without donor restrictions from operating activities	100,577	45,167
Changes in net assets without donor restrictions from non-operating activities -		
Gain on extinguishment of debt	-	62,598
Changes in net assets without donor restrictions	100,577	107,765
NET ASSETS, Beginning of Year	<u>726,200</u>	<u>618,435</u>
NET ASSETS, End of Year	<u>\$ 826,777</u>	<u>\$ 726,200</u>

The accompanying notes to the financial statements are an integral part of these statements.

SILAKKUAGVIK COMMUNICATIONS, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflows from operations:		
Cash received from grants	\$ 424,862	\$ 423,617
Cash received from membership	219,912	210,214
Cash received from underwriting	142,254	123,334
Cash received from other sources	8,951	2,829
Cash outflows from operations:		
Cash paid to employees	(332,038)	(313,334)
Cash paid to suppliers	<u>(361,698)</u>	<u>(359,387)</u>
Net cash provided by operating activities	<u>102,243</u>	<u>87,273</u>
Change in cash and cash equivalents	102,243	87,273
Cash and cash equivalents - beginning of year	<u>973,392</u>	<u>886,119</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,075,635</u></u>	<u><u>\$ 973,392</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

SILAKKUAGVIK COMMUNICATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Program and Supporting Services Expenses 2023</u>
	<u>Technical and Broadcasting</u>	<u>Programming and Production</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Member Development</u>	
Direct expenses:						
Salaries and related expenses	\$ -	\$ 160,463	\$ 160,463	\$ 96,374	\$ 75,914	\$ 332,751
Professional fees	42,114	900	43,014	75,733	-	118,747
Transmission expense	96,009	-	96,009	-	-	96,009
Occupancy	-	39,575	39,575	18,965	25,412	83,952
Acquisitions expense	-	40,164	40,164	-	-	40,164
Other expenses	-	-	-	4,848	21,716	26,564
Depreciation	-	10,161	10,161	4,870	6,525	21,556
Supplies and equipment	12,130	-	12,130	6,372	-	18,502
Travel and transportation	3,871	5,400	9,271	4,681	620	14,572
Postage and shipping	-	-	-	4,908	-	4,908
Dues and subscriptions	-	-	-	1,130	-	1,130
Rental and maintenance of equipment	333	-	333	43	-	376
Total direct expenses	<u>\$ 154,457</u>	<u>\$ 256,663</u>	<u>\$ 411,120</u>	<u>\$ 217,924</u>	<u>\$ 130,187</u>	<u>\$ 759,231</u>

The accompanying notes to the financial statements are an integral part of these statements.

SILAKKUAGVIK COMMUNICATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services			Supporting Services		Total Program and Supporting Services Expenses 2022
	Technical and Broadcasting	Programming and Production	Total Program Services	General and Administrative	Fundraising and Member Development	
Direct expenses:						
Salaries and related expenses	\$ -	\$ 147,945	\$ 147,945	\$ 94,986	\$ 70,911	\$ 313,842
Professional fees	78,496	1,537	80,033	74,191	-	154,224
Transmission expense	102,172	-	102,172	-	-	102,172
Occupancy	-	39,819	39,819	19,082	25,569	84,470
Acquisitions expense	-	48,335	48,335	-	-	48,335
Other expenses	-	-	-	3,438	24,162	27,600
Travel and transportation	13,617	3,200	16,817	6,363	521	23,701
Depreciation	-	10,477	10,477	5,020	6,728	22,225
Supplies and equipment	11,046	-	11,046	4,013	-	15,059
Rental and maintenance of equipment	6,050	-	6,050	95	-	6,145
Postage and shipping	-	-	-	3,359	-	3,359
Dues and subscriptions	-	-	-	(2,829)	-	(2,829)
Total direct expenses	<u>\$ 211,381</u>	<u>\$ 251,313</u>	<u>\$ 462,694</u>	<u>\$ 207,718</u>	<u>\$ 127,891</u>	<u>\$ 798,303</u>

The accompanying notes to the financial statements are an integral part of these statements.

SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KBRW Radio is owned and operated by Silakkuagvik Communications, Inc. (the Organization), a nonprofit corporation, incorporated October 11, 1974. KBRW Radio is located in Utqiagvik, Alaska, and began its on-air operation December 22, 1975. The Organization is a public broadcasting station and receives a significant amount of its support from the Alaska Public Broadcasting Commission, the Corporation for Public Broadcasting, the North Slope Borough, and from membership revenues, underwriting and other contributions from businesses and individuals in the North Slope region. KBRW broadcasts on AM and FM signals.

Technical and Broadcasting

The Organization's technical products are radio broadcast signals, as well as digital content on the web. The Organization's stations produce AM and FM broadcast services.

Programming and Production

The Organization provides quality non-commercial news and locally valued programming which features local voices, fact-based journalism, community service, and emergency alerting.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under this method of accounting, the financial effects of transactions, and other events and circumstances, that have cash consequences for the Organization are recorded in the period in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the Organization.

Basis of Presentation

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. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. The Organization also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Revenue Recognition

The Organization's significant revenue recognition policies relative to its two primary sources of revenue, contributions and contracts with customers, are outlined below.

Contributions of Cash and Other Financial Assets

The Organization may receive contributions of cash and other financial assets that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, the Organization recognizes revenue only after the conditions are substantially met. Should the Organization substantially meet the conditions in the same period that the contribution is received, and barring any further donor-imposed restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions.

Contributions of Nonfinancial Assets

Donated services are recognized as contributions of nonfinancial assets in accordance with FASB ASC 958-605-25-16, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Organization. Contributed equipment are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets, if any, donated with explicit restrictions regarding their use are reported as contributions with donor restrictions.

Membership Revenue

Membership contributions are considered available for the Organization's general operations unless specifically restricted by the donor. The value that individuals receive from their membership contributions is determined to be nominal. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets without donor restrictions.

Grant Revenue

Grants or contracts awarded to the Organization from government, the Corporation for Public Broadcasting, and other organizations are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes and are accounted for as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Grant receivables are recorded for unreimbursed expenses incurred for the purposes specified by the awarding agency. Funding received in advance of incurring allowable expenses are recorded as a refundable advance.

SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Underwriting Revenue

Revenue from program underwriting is recognized when the Organization satisfies a performance obligation by transferring a promised service for a customer. Revenue from program underwriting is recorded on a pro rata basis for the period covered and is recognized over time when the related program is aired. Unearned underwriting revenues are reported as deferred revenue in the statement of financial position. Management evaluates underwriting receivables for collectability on a periodic basis. No allowance for uncollectible accounts has been recorded in the financial statements as management has determined all accounts to be collectible.

Contributions Receivable

The Organization engages in an annual fundraising campaign manifested by offering special radio programs accompanied by on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Organization for enhancement of program offerings and other operating expenses. Contributions receivable are recorded at their estimated fair market value at the time the associated pledge was made. Management has determined all accounts to be collectible as of June 30, 2023 and 2022; therefore an allowance for doubtful accounts has not been assessed. The Organization had contributions receivable of \$8,965 and \$9,511 at June 30, 2023 and 2022, respectively.

Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Organization. This usage is consistent with appeals for contributions and pledges.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities as of the date of the balance sheet, and revenue and expenses for the period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents consist primarily of bank deposits and money market accounts.

Financial Instruments

The Organization's financial instruments consist primarily of cash, temporary investments, grant, and other receivables, none of which are held for trading purposes. The Organization's estimate of the fair value of all financial instruments does not differ materially from the carrying value reported in the accompanying statement of financial position.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at estimated fair value. Purchases of assets with an expected useful life in excess of two years and in an amount in excess of \$1,000 are generally capitalized and depreciated. Purchases not meeting this policy are expensed. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets, which range from 5 to 35 years.

SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Functional expenses have been allocated between program service and supporting service based on an analysis of personnel time for the related activities. Expenses for program services are segregated from general and administrative expenses. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Occupancy costs and depreciation are allocated based on each function's share of salaries.

Income Taxes

The Organization was incorporated under the laws of the State of Alaska as a nonprofit corporation and is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no required provision for income taxes for the fiscal years ended June 30, 2023 or 2022. The Organization follows the provisions of FASB ASC 740 *Income Taxes* and management believes that it has appropriate support for any tax positions taken. The Organization's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns, which, in general, have a three-year statute of limitations.

Recently Adopted Accounting Pronouncements

Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update superseded much of the existing authoritative guidance for leases. This guidance requires lessees to recognize right-of-use assets and liabilities on their balance sheet for all leases with terms longer than twelve months. In June of 2020, FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, that deferred the effective date for the Organization until annual periods beginning after December 15, 2021, with early application permitted. The Organization adopted ASU 2016-02 effective July 1, 2022, using the full retrospective method. The adoption of the standard had no impact on net assets for the years ended June 30, 2023 or 2022, respectively.

Subsequent Events

The Organization has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures without donor or other restriction limiting their use, within one year of June 30, 2023:

Financial assets at year-end*:	
Cash and cash equivalents	\$ 1,075,635
Contributions and other receivables	<u>9,393</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,085,028</u>
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*Total assets, less nonfinancial assets (Property and equipment, net)

NOTE 3 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2023</u>	<u>2022</u>
Leased property	<u>\$ 64,000</u>	<u>\$ 76,000</u>
	<u>\$ 64,000</u>	<u>\$ 76,000</u>

The Organization recognized contributed nonfinancial assets within revenue, including leased property, equipment, utilities, and admin support. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Organization leases property at no cost from the City of Barrow and one Barrow business for its studio site, transmitter site, and satellite downlink site. The Organization estimated fair value on the basis of values that would be received for leasing the space to lessees.

The Organization also benefited from volunteer services and other donations that were not recognized in the financial statements because they did not meet the criteria for recognition under accounting standards.

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SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Broadcasting equipment	\$ 1,252,215	\$ 1,252,215
Buildings and improvements	1,063,714	1,063,714
Office furnishings and equipment	45,572	45,572
Vehicles	61,966	61,966
Land	<u>8,170</u>	<u>8,170</u>
Total property and equipment	2,431,637	2,431,637
Less: Accumulated depreciation	<u>(2,269,725)</u>	<u>(2,248,169)</u>
Total property and equipment, net	<u>\$ 161,912</u>	<u>\$ 183,468</u>

Depreciation expense for the fiscal years ending June 30, 2023 and 2022 were \$21,556 and \$22,225, respectively.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

On March 20, 2021, the Organization received loan proceeds in the amount of \$62,598 under the second round of the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness may be reduced if the borrower reduced the number of employees or the average paid hours of employees or reduced the annual salary or hourly wages of any employee by more than 25 percent during the Covered Period.

The Organization accounted for the second round of the PPP loan using the Debt Model of FASB ASC 470. Under FASB ASC 405-20, *Liabilities: Extinguishments of Liabilities*, specifically FASB ASC 405-20-40-1b, extinguishment of debt may not take place until the debtor has been legally released as the primary obligor. The full balance of the second round of the PPP loan in the amount of \$62,598 was officially forgiven on October 5, 2021 and was recognized as a gain on extinguishment of debt in the Statements of Activities during fiscal year 2022.

NOTE 6 – REFUNDABLE ADVANCES

The Organization receives various operating and capital grants that contain certain conditions from the awarding agencies. Funds received in advance of the conditions being met are recorded as refundable advances and are subsequently recognized as grant revenue when donor conditions are met. Refundable advances consisted of \$364,935 and \$364,935 of operating grants as of June 30, 2023 and 2022, respectively.

SILAKKUAGVIK COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – CONCENTRATIONS AND CONTINGENCIES

Public Funding

A significant amount of the Organization's funding comes from operating grants awarded by the Corporation for Public Broadcasting, the State of Alaska, the City of Barrow, and the North Slope Borough. The Organization also generates a significant portion of its annual operating budget from local underwriting, memberships, and donations. A significant decline in funding from these sources could have a material impact on the Organization's operations.

Grants and Contracts

Expenditures made pursuant to the grants and contracts may be subject to additional audits by government agencies or their representatives. Certain grant amounts may not have been audited by the grantor agencies. Accordingly, adjustments of amounts received from grants and contracts could result if the grants and contracts are adjusted by such agencies. Management believes the material provisions of the grant awards have been accommodated and that no significant liability will result from the foregoing matters. Accordingly, no liabilities for amounts which may be payable have been recorded in the accompanying financial statements.

Excess Cash Balances

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.