

LYNN CANAL BROADCASTING
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 and 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lynn Canal Broadcasting
Haines, AK

Report on the Financial Statements

We have audited the accompanying financial statements of Lynn Canal Broadcasting, a nonprofit corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lynn Canal Broadcasting as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – 2020 Financial Statements

The financial statements of Lynn Canal Broadcasting for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on November 30, 2020.

Elgee Rehfeld

December 6, 2021

LYNN CANAL BROADCASTING
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 433,375	\$ 221,430
Accounts receivable	20,731	5,116
Prepaid expenses	1,880	10,228
Total current assets	455,986	236,774
Investments	103,812	-
Property and equipment, net	35,258	-
Total assets	<u>\$ 595,056</u>	<u>\$ 236,774</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 16	\$ 161
Payroll liabilities	5,259	-
Paycheck Protection Program Loan	-	60,455
Refundable advance	247,112	-
Deferred revenue	11,428	11,739
Total current liabilities	263,815	72,355
Total liabilities	263,815	72,355
Net assets:		
Without donor restrictions:		
Invested in property and equipment	35,258	-
Undesignated	295,983	164,419
Total net assets without donor restrictions	331,241	164,419
Total liabilities and net assets	<u>\$ 595,056</u>	<u>\$ 236,774</u>

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

LYNN CANAL BROADCASTING
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES AND SUPPORT:		
Membership	\$ 130,826	\$ 106,343
State and local grants	207,327	76,000
Corporation for public broadcasting grants	128,978	230,772
Underwriting	67,030	45,757
In-kind contributions	64,148	74,057
Property management	16,049	15,891
Other revenue	20,944	15,847
Forgiveness of PPP Loan	60,455	-
Total revenues and support before release of current year restrictions	695,757	564,667
Net assets released from restrictions	-	40,000
Total revenues and support without donor restrictions	695,757	604,667
EXPENSES:		
PROGRAM SERVICES:		
Programming and production	320,116	323,174
Technical Services	69,868	35,266
Total program services	389,984	358,440
SUPPORTING SERVICES:		
Development	29,673	29,853
General and administrative	109,278	137,859
Total supporting services	138,951	167,712
Total expenses	528,935	526,152
Change in net assets without donor restrictions	166,822	78,515
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS -		
Net assets released from restrictions	-	(40,000)
NET ASSETS, Beginning of Year	164,419	125,904
NET ASSETS, End of Year	\$ 331,241	\$ 164,419

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

LYNN CANAL BROADCASTING
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services			Supporting Services		Total Program and Supporting Services Expenses
	Technical Services	Programming and Production	Total Program Services	General and Administrative	Development	2021
Expenses:						
Salaries and employee benefits	\$ -	\$ 220,808	\$ 220,808	\$ 44,162	\$ 29,441	\$ 294,411
Donated rent	17,261	32,055	49,316	16,438	-	65,754
Equipment	57,509	-	57,509	-	-	57,509
Professional services	21,800	22,248	44,048	-	-	44,048
Occupancy	8,556	17,111	25,667	8,555	-	34,222
Network affiliation	-	26,786	26,786	-	-	26,786
Other	-	-	-	15,744	-	15,744
Donated radio services	-	-	-	12,818	-	12,818
Supplies	-	-	-	5,151	232	5,383
Insurance	-	-	-	6,410	-	6,410
Depreciation	1,590	-	1,590	-	-	1,590
Travel	-	1,108	1,108	-	-	1,108
	106,716	320,116	426,832	109,278	29,673	565,783
Capitalized assets	(36,848)	-	(36,848)	-	-	(36,848)
Total expenses	<u>\$ 69,868</u>	<u>\$ 320,116</u>	<u>\$ 389,984</u>	<u>\$ 109,278</u>	<u>\$ 29,673</u>	<u>\$ 528,935</u>

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

LYNN CANAL BROADCASTING
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services			Supporting Services		Total Program and Supporting Services Expenses
	Technical Services	Programming and Production	Total Program Services	General and Administrative	Development	2020
Expenses:						
Salaries and employee benefits	\$ -	\$ 223,178	\$ 223,178	\$ 44,636	\$ 29,757	\$ 297,571
Donated rent	14,740	29,481	44,221	14,740	-	58,961
Professional services	10,580	26,536	37,116	-	-	37,116
Other	-	-	-	34,640	-	34,640
Occupancy	7,938	15,876	23,814	7,939	-	31,753
Donated radio services	-	-	-	30,987	-	30,987
Network affiliation	-	22,973	22,973	-	-	22,973
Travel	-	5,130	5,130	-	-	5,130
Supplies	-	-	-	3,594	96	3,690
Equipment	2,008	-	2,008	-	-	2,008
Insurance	-	-	-	1,323	-	1,323
Total expenses	<u>\$ 35,266</u>	<u>\$ 323,174</u>	<u>\$ 358,440</u>	<u>\$ 137,859</u>	<u>\$ 29,853</u>	<u>\$ 526,152</u>

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

LYNN CANAL BROADCASTING
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflows from operations:		
Cash received from grants	\$ 583,106	\$ 346,772
Cash received from contributions and fundraising	130,826	106,343
Cash received from underwriting	67,030	55,641
Cash received from other sources	5,329	15,847
Cash outflows from operations:		
Cash paid to employees	(289,152)	(297,570)
Cash paid to suppliers	(144,534)	(158,690)
Net cash provided by operating activities	<u>352,605</u>	<u>68,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(36,848)	-
Purchase of investments	(103,812)	-
Net cash used for investing activities	<u>(140,660)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program loan	-	60,455
Net cash provided by financing activities	<u>-</u>	<u>60,455</u>
Change in cash and cash equivalents	211,945	128,798
Cash and cash equivalents - beginning of year	<u>221,430</u>	<u>92,632</u>
Cash and cash equivalents - end of year	<u><u>\$ 433,375</u></u>	<u><u>\$ 221,430</u></u>

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

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KHNS Radio is owned and operated by Lynn Canal Broadcasting (the Organization), a nonprofit corporation, incorporated February 14, 1978 located in Haines, Alaska. The Organization is a public broadcasting station and receives a significant amount of its support from the Corporation for Public Broadcasting, the State of Alaska, local sources, and from membership revenues, underwriting and other contributions from businesses and individuals in the Haines region. Program services include:

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.

Technical and Broadcasting

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

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.

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statements 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

Contributions and Support

Contributions are recorded in the statement of activities when received. Contributions are recorded as support with donor restrictions, or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

The Organization reports gifts or cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, such as when a stipulated time restriction ends or purpose 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 restriction. Contributions that are received and for which donor restrictions expire in the same period are recorded as support without donor restrictions.

Membership

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 free of donor restrictions.

Grant Revenue

Grants or contracts awarded to the Organization from state and local sources, 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.

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.

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

Donated Services and Materials

Donated services are recognized as contributions 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 materials are recorded as a contribution at estimated fair value on the date of donation and are reported as an increase in net assets without donor restrictions 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.

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 the purposes of the statements of cash flows, the Organization considers all cash on hand, in checking accounts, and in savings accounts to be cash.

Investments

The Organization's marketable investment securities are reported at fair market value. Unrealized gains and losses are included in the change in net assets without donor restrictions in the accompanying statement of activities. Investments include money market funds and equity securities held in brokerage accounts.

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.

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. Salaries and employee benefits are allocated based on time and effort. Donated rent and occupancy are allocated based on square footage.

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,

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

2021 or 2020. 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

Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standards and expanded disclosure requirements. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects or be entitled in exchange for those goods or services. The Organization adopted the provisions of ASU 2014-09 effective July 1, 2020, using the full retrospective method. The adoption of the standard had no impact on net assets for the years ended June 30, 2021 or 2020.

Upcoming Accounting Pronouncements

Management is evaluating the impact of the recent accounting pronouncements listed below on the Organization's financial position, results of operations, or cash flows, the impact of adoption has not been fully determined. Other accounting standards that have been issued or proposed by FASB, or other standards-setting bodies, not listed below, will also be evaluated prior to their effective date.

Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update will supersede 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 plans to adopt ASU 2016-02 as amended by 2020-05, in its fiscal year ending June 30, 2022.

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, 2021:

Financial assets at year-end*:	
Cash and cash equivalents	\$ 433,375
Investments	103,812
Accounts receivable	<u>20,731</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 557,918</u>

*Total assets, less nonfinancial assets

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

Investments at market value and amortized cost were as follows as of June 30, 2021:

	Fair Value	Amortized Cost
Investment securities, at market value:		
Money market funds	\$ 3	\$ 3
Equity securities	103,809	100,230
Total investment securities	<u>\$ 103,812</u>	<u>\$ 100,233</u>

Investment income includes the following as of June 30, 2021 and 2020:

	2021	2020
Unrealized gain	\$ 3,347	\$ -
Dividends and interest	233	-
Total investment income	<u>\$ 3,580</u>	<u>\$ -</u>

NOTE 4 – FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principle or most advantageous market available to the entity in an orderly transaction between market participants. FASB ASC 820 also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets as liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

	Fair Value	Level 1
Investments as of June 30, 2021:		
Investment securities:		
Money market funds	\$ 3	\$ 3
Equities securities	103,809	103,809
Total investment securities	<u>\$ 103,812</u>	<u>\$ 103,812</u>

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30 consist of the following:

	2021	2020
Broadcasting equipment	\$ 256,034	\$ 224,605
Leasehold improvements	24,951	24,951
Office furnishings and equipment	52,182	46,763
Total property and equipment	333,167	296,319
Less: Accumulated depreciation	(297,909)	(296,319)
Total property and equipment, net	<u>\$ 35,258</u>	<u>\$ -</u>

Depreciation expense for the fiscal years ending June 30, 2021 and 2020 were \$1,590 and \$-0-, respectively.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

On April 24, 2020, the Organization received loan proceeds in the amount of \$60,455 under 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 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 PPP loan in the amount of \$60,455 was officially forgiven on June 4, 2021, and was recognized as a gain on the extinguishment of debt in the statement of activities.

NOTE 7 – PROPERTY MANAGEMENT AND OFFICE RENT

The Organization leases its office and studio space under an operating lease agreement, which has been extended through April 30, 2024. The Organization has entered into a property management agreement with the lessor under which the Organization employees, will provide certain property management functions for the lessor. No lease payments are required as long as the property management services are performed.

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

Values related to this agreement as determined by the lessor were as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Fair value of leased space	\$ 53,709	\$ 47,600
Cost of property management services	<u>(16,049)</u>	<u>(15,891)</u>
Other in-kind contributions	<u>\$ 37,660</u>	<u>\$ 31,709</u>

NOTE 8 – IN-KIND CONTRIBUTIONS

The Organization 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.

The value of non-cash contributions included in the financial statements for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Leased office and studio space - Haines	\$ 37,660	\$ 31,709
Donated rent and utilities – Skagway	12,045	15,711
Transponder fees and administrative services	12,818	26,637
Engineering services	<u>1,625</u>	<u>-</u>
In-kind contributions	<u>\$ 64,148</u>	<u>\$ 74,057</u>

NOTE 9 – 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, and local sources. 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.

LYNN CANAL BROADCASTING
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – SUBSEQUENT EVENTS

The Organization's management 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.

Business Disruption

Due to the government mandated restrictions and economic uncertainties created by the COVID-19 pandemic, the Organization was subject to reduced operations temporarily during fiscal years 2020 and 2021, and will continue into fiscal year 2022. Due to economic uncertainty, the continued overall impact of the disruption to the organization cannot be estimated at this time.