

A wide-angle photograph of a campus scene. A large, vibrant rainbow arches across a cloudy sky. Below the rainbow, there are several trees with autumn foliage in shades of red, orange, and yellow. To the left, a modern building with a wooden facade is partially visible. In the foreground, there's a paved area and some greenery. The overall atmosphere is serene and scenic.

BOISE STATE PUBLIC RADIO NETWORK

Fiscal Year 2020

A Public Telecommunications Entity
Operated by Boise State University

Report of Independent Auditors
and Financial Statements for the
Year Ended June 30, 2020 and
2019

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Report of Independent Auditors

Idaho State Board of Education
Boise State Public Radio Network
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Boise State Public Radio Network (the Network), a public telecommunications entity operated by Boise State University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 respective financial position of the Network as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Statements of Revenue, Expenses and Changes in Net Position - By Station as required by the Corporation of Public Broadcasting Financial Reporting Guidelines for Fiscal Year 2020, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Statements of Revenue, Expenses and Changes in Net Position - By Station is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Network's internal control over financial reporting and compliance.

Mass Adams LLP

Portland, Oregon
January 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

Management's Discussion and Analysis ("MD&A") presents an overview of the financial performance of Boise State Public Radio Network (the "Network") based on currently known facts, decisions and conditions, and is designed to assist readers in understanding the accompanying financial statements. The MD&A discusses financial performance during the current year in comparison to prior years with emphasis on the current year.

Overview of the Financial Statements and Financial Analysis

The financial statements for the fiscal years ended June 30, 2020 and June 30, 2019 are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. There are three financial statements presented: the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

Summary Statements of Net Position

The statements of net position present the assets, liabilities, deferred inflows and net position of the Network as of the current fiscal year-end in comparative format with the prior fiscal year-end. The purpose of the statements of net position is to present to the readers of the financial statements a point-in-time fiscal snapshot of the Network. The difference between current and non-current classification is discussed in the footnotes to the financial statements.

From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the Network. They are also able to determine how much the Network owes vendors, investors and lending institutions. Finally, the statements of net position provide a picture of the net position and available funds for expenditure by the Network.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the Network's net equity in capital assets. The next category is restricted, expendable. Restricted, expendable net position is available for expenditure by the Network for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the Network for any legal purpose of the Network.

Summary Statements of Net Position			
Fiscal Years Ended June 30			
	2020	2019	2018
ASSETS:			
Current assets	\$ 1,999,975	\$ 2,213,135	\$ 2,062,081
Capital assets, net	1,273,772	1,313,283	1,124,915
Total assets	<u>\$ 3,273,747</u>	<u>\$ 3,526,418</u>	<u>\$ 3,186,996</u>
LIABILITIES:			
Current liabilities	\$ 602,786	\$ 646,278	\$ 478,161
Non-current liabilities	217,447	281,961	342,747
Total liabilities	<u>820,233</u>	<u>928,239</u>	<u>820,908</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to grants	227,235	219,159	233,784
Total deferred inflows of resources	<u>227,235</u>	<u>219,159</u>	<u>233,784</u>
NET POSITION:			
Net investment in capital assets	991,811	970,410	724,657
Unrestricted	1,234,468	1,408,610	1,407,647
Total net position	<u>2,226,279</u>	<u>2,379,020</u>	<u>2,132,304</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,273,747</u>	<u>\$ 3,526,418</u>	<u>\$ 3,186,996</u>

The Network's total assets decreased during fiscal year 2020 by \$252,671 to \$3,273,747. Decreases in Accounts receivable and Due from Boise State University Foundation (the "Foundation") were offset by a modest net increase in cash as presented as Cash and cash equivalents and Cash with Treasurer.

The Network's total assets increased during fiscal year 2019 by \$339,422 to \$3,526,418. Increases in Due from the Foundation, equipment funded by grants and accounts receivable were offset by decreases in Cash and cash equivalents and Cash with Treasurer.

Liabilities decreased by \$108,006 to \$820,233 during fiscal year 2020. The change is primarily related to decreases in the amount owed to reimburse Boise State University for operating expenses and notes payable offset by increases in unearned grant revenue and contingent accrued employee benefits.

Liabilities increased by \$107,331 to \$928,239 during fiscal year 2019. The change is primarily related to an increase in the amount owed to reimburse Boise State University for operating expenses offset by decreases in unearned grant revenue and notes payable.

Deferred inflows of resources increased \$8,076 to \$227,235 during fiscal year 2020 as compared to a decrease of \$14,625 to \$219,159 during fiscal year 2019. The changes relate to fluctuations in community service grants received by the station through the Corporation for Public Broadcasting ("CPB").

Net position decreased \$152,741 to \$2,226,279 during fiscal year 2020 as compared to an increase of \$246,716 to \$2,379,020 during fiscal year 2019. The station continues to expand programming through private grants, memberships and underwriting revenues.

Summary Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented in the statements of net position are based on the activity presented in the statements of revenues, expenses and changes in net position. The purpose of the statements is to present the revenues earned by the Network, both operating and non-operating, and the expenses incurred by the Network, both operating and non-operating, and any other revenues, expenses, gains and losses incurred by the Network.

Generally speaking, operating revenues are earned by providing services to the various customers and constituencies of the Network. Operating expenses are those expenses incurred to acquire or produce the services provided in return for operating revenues, and to carry out the functions of the Network. Non-operating revenues are revenues received for which services are not provided.

The Network will always reflect a net operating loss because gifts are considered non-exchange transactions and presented as non-operating revenue. Per GASB No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"* and GASB No. 35, *"Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,"* state general fund appropriations are also defined as non-operating revenue.

Summary Statements of Revenues, Expenses, and Changes in Net Position			
Fiscal Years Ended June 30			
	2020	2019	2018
Operating revenues	\$ 1,543,469	\$ 1,501,040	\$ 1,170,260
Operating expenses	5,090,423	4,512,113	4,165,524
Operating loss	(3,546,954)	(3,011,073)	(2,995,264)
Net non-operating revenues	3,394,213	3,257,789	3,213,121
Increase (decrease) in net position	(152,741)	246,716	217,857
Net position - Beginning of year	2,379,020	2,132,304	1,914,447
Net position - End of year	\$ 2,226,279	\$ 2,379,020	\$ 2,132,304

Operating revenues increased by \$42,429 from \$1,501,040 to \$1,543,469 during fiscal year 2020. An increase in indirect administrative support due to a required standardization of the calculation methodology used by the CPB and other revenue resulting from University support for the Reader's Corner program was offset by a decrease in private grants and contracts revenue.

Operating revenues increased by \$330,780 from \$1,170,260 to \$1,501,040 during fiscal year 2019, the Network accepted a grant to lead collaboration among six public radio entities in the Mountain West to share resources to produce stories and content affecting the region representing approximately \$171,000 of the increase.

Operating expenses increased by \$578,310 from \$4,512,113 to \$5,090,423 during fiscal year 2020. The increase is primarily due to personnel costs related to a new grant and grant related sub-recipient costs offset by a decrease in insurance, utilities, and rent.

Operating expenses increased by \$346,589 from \$4,165,524 to \$4,512,113 during fiscal year 2019. The increase is primarily due to personnel costs related to a new grant and grant related sub-recipient costs offset by a decrease in supplies.

Net non-operating revenues increased by \$136,424 from \$3,257,789 to \$3,394,213 during fiscal year 2020. This is primarily the result of a one-time distribution of stabilization funds from the CPB offset by a decrease in membership contributions and state appropriations. Net position decreased in fiscal year 2020 by \$152,741 as compared to an increase in net position in fiscal year 2019 of \$246,716.

Net non-operating revenues increased by \$44,668 from \$3,213,121 to \$3,257,789 during fiscal year 2019. This is primarily the result of an increase in membership contributions offset by a decrease in state appropriations. Net position increased in fiscal year 2019 by \$246,716 as compared to an increase in net position in fiscal year 2018 of \$217,857.

Summary Statements of Cash Flows

The final statements presented by the Network are the statements of cash flows. These statements present detailed information about the cash activity of the Network during the year.

Summary Statements of Cash Flows Fiscal Years Ended June 30			
	2020	2019	2018
Cash provided (used) by:			
Operating activities	\$ (3,097,059)	\$ (2,724,161)	\$ (2,326,654)
Non-capital financing activities	3,295,422	2,785,081	2,682,369
Capital and related financing activities	(142,712)	(347,480)	(109,426)
Net change in cash	55,651	(286,560)	246,289
Cash—Beginning of year	225,773	512,333	266,044
Cash—End of year	<u>\$ 281,424</u>	<u>\$ 225,773</u>	<u>\$ 512,333</u>

Net cash used in operating activities increased by \$372,898 from \$2,724,161 during fiscal year 2019 to \$3,097,059 during fiscal year 2020. Increases in payments for personnel costs and services were the primary reason for the increase.

Net cash used in operating activities increased by \$397,507 from \$2,326,654 during fiscal year 2018 to \$2,724,161 during fiscal year 2019. Increases in payments for personnel costs and services were the primary reason for the increase.

Cash provided by non-capital financing activities increased by \$510,341 from \$2,785,081 during fiscal year 2019 to \$3,295,422 during fiscal year 2020. The increase is the result of a one-time distribution of stabilization funds from the CPB and increased membership contributions offset by a decrease in state appropriations.

Cash provided by non-capital financing activities increased by \$102,712 from \$2,682,369 during fiscal year 2018 to \$2,785,081 during fiscal year 2019. The increase is the result of higher receipts for membership contributions offset by a decrease in state appropriations.

Net cash used by capital and related financing activities decreased by \$204,768 from \$347,480 during fiscal year 2019 to \$142,712 during fiscal year 2020. The decrease in net cash used by capital activities in fiscal year 2020 was driven by a gift from the M.J. Murdock Charitable Trust to purchase transmission network equipment and related infrastructure in 2019.

Net cash used by capital and related financing activities increased by \$238,054 from \$109,426 during fiscal year 2018 to \$347,480 during fiscal year 2019. The increase in net cash used by capital activities in fiscal year 2019 was driven by a gift from the M.J. Murdock Charitable Trust to purchase transmission network equipment and related infrastructure.

Economic Outlook

State appropriations represented approximately 10% of the Network's total revenue in fiscal year 2020. In fiscal years 2017 through 2020, state appropriations have included an allowance of short-term seed money to develop a daily local news and information show. State appropriations as a portion of total revenue will decrease again in fiscal year 2021 as appropriations return to an ongoing operations level plus the impact of the COVID-19 pandemic causing volatile tax-revenue streams for the State.

During fiscal year 2018, the Network accepted a grant to lead collaboration among six public radio entities in the Mountain West to share resources to produce stories and content affecting the region. That grant continued into fiscal year 2020 with grant funding decreasing each year as the joint effort matures. The Network is working with the other public radio entities involved in the collaboration with the intent of continuing the alliance after the end of the grant.

The Network had also accepted a grant covering the topic of "Guns in America". The grant continued into fiscal year 2020. The coverage concluded at the end of the grant period. A grant from the M.J. Murdock Charitable Trust to purchase transmission network equipment and related infrastructure concluded in fiscal year 2019. The maturation and conclusion of these grants led to a decrease in grant revenues.

Congress passed the Coronavirus, Aid, Relief, and Economic Security (CARES) Act in early 2020 as a measure, in part, to provide stable funding support for public broadcasting stations during the pandemic. This stabilization funding amounted to approximately \$225 thousand in aid for the Network.

Regular grants provided 14% of total revenue in fiscal year 2020. The stabilization funding brought the percentage of funding to 18.8%. Growth in fundraising efforts continues through membership and underwriting gifts, though underwriting efforts were curtailed due to the pandemic. Together, membership and underwriting provided 54% of total Network support in fiscal year 2020, providing the majority of revenue. While the percentage of total revenue provided by gifts decreased in fiscal year 2020, actual gift receipts increased by 8%. Support from listeners is vital. The Network hosts station-related events to thank donors, engage community members and encourage non-member listeners to become donor listeners.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND JUNE 30, 2019**

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash with Treasurer	\$ 73,220	\$ 180,855
Cash and cash equivalents	208,204	44,918
Accounts receivable, net	84,094	224,515
Prepaid expense	-	6,150
Inventories	14,551	12,086
Due from Boise State University Foundation	1,619,906	1,744,611
Total current assets	<u>1,999,975</u>	<u>2,213,135</u>
NON-CURRENT ASSETS:		
Capital assets, net	1,273,772	1,313,283
Total non-current assets	<u>1,273,772</u>	<u>1,313,283</u>
TOTAL ASSETS	<u>\$ 3,273,747</u>	<u>\$ 3,526,418</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 29,799	\$ 41,895
Accrued salaries and benefits payable	110,050	82,864
Compensated absences payable	165,175	123,223
Unearned revenue	123,616	60,915
Notes payable - current portion	64,514	60,912
Due to Boise State University	109,632	276,469
Total current liabilities	<u>602,786</u>	<u>646,278</u>
NON-CURRENT LIABILITIES:		
Notes payable	217,447	281,961
Total non-current liabilities	<u>217,447</u>	<u>281,961</u>
TOTAL LIABILITIES	<u>820,233</u>	<u>928,239</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to grants	227,235	219,159
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>227,235</u>	<u>219,159</u>
NET POSITION:		
Net investment in capital assets	991,811	970,410
Unrestricted	1,234,468	1,408,610
TOTAL NET POSITION	<u>2,226,279</u>	<u>2,379,020</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 3,273,747</u>	<u>\$ 3,526,418</u>

See notes to financial statements

BOISE STATE PUBLIC RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	2020	2019
OPERATING REVENUES:		
Federal grants and contracts	\$ 18,208	\$ 17,791
Private grants and contracts	703,297	924,800
Indirect administrative support	698,300	557,965
Other	123,664	484
Total operating revenues	1,543,469	1,501,040
OPERATING EXPENSES:		
Personnel	2,739,373	2,347,182
Services	1,032,871	941,031
Supplies	275,416	243,023
Insurance, utilities and rent	167,730	191,087
Depreciation and amortization	95,583	87,814
Miscellaneous	779,450	701,976
Total operating expenses	5,090,423	4,512,113
OPERATING LOSS:	(3,546,954)	(3,011,073)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	508,823	599,151
Gifts	2,658,218	2,679,334
Net investment income	577	738
Interest expense	(18,158)	(21,560)
Loss on retirement of capital assets	(50)	-
Other	244,803	126
Net non-operating revenues	3,394,213	3,257,789
(DECREASE) INCREASE IN NET POSITION	(152,741)	246,716
NET POSITION — Beginning of year	2,379,020	2,132,304
NET POSITION — End of year	\$ 2,226,279	\$ 2,379,020

See notes to financial statements.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 857,012	\$ 805,517
Indirect administrative support	698,300	557,965
Other operating receipts	126,608	3,137
Payments for personnel costs	(2,758,361)	(2,214,709)
Payments for services	(1,063,018)	(879,770)
Payments for supplies	(292,529)	(237,987)
Payments for insurance, utilities and rent	(156,387)	(137,459)
Other operating payments	(508,684)	(620,855)
Net cash used in operating activities	<u>(3,097,059)</u>	<u>(2,724,161)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	508,823	599,151
Gifts	2,766,068	2,185,930
Other Receipts	20,531	-
Net cash provided by non-capital financing activities	<u>3,295,422</u>	<u>2,785,081</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(63,642)	(268,662)
Principal paid on notes payable	(60,912)	(57,384)
Interest paid on notes payable	(18,158)	(21,434)
Net cash used in capital and related financing activities	<u>(142,712)</u>	<u>(347,480)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND CASH WITH TREASURER	<u>55,651</u>	<u>(286,560)</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - BEGINNING OF THE YEAR	<u>225,773</u>	<u>512,333</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - END OF THE YEAR	<u><u>\$ 281,424</u></u>	<u><u>\$ 225,773</u></u>

See notes to financial statements.

BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS (continued)
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (3,546,954)	\$ (3,011,073)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation expense/amortization of intangible	95,583	87,814
CHANGES IN ASSETS, LIABILITIES AND DEFERRED INFLOWS:		
Receivables - operating - net	64,754	(30,011)
Due from BSU Foundation	312,958	93,900
Prepaid expense	6,150	5,346
Accounts payable & accrued liabilities	(4,576)	(3,917)
Accrued salaries & benefits payable	27,186	11,309
Compensated absences	41,952	(114)
Due to Boise State University	(166,837)	228,036
Deferred inflows	8,076	(14,625)
Unearned revenue	64,649	(90,826)
Net cash used in operating activities	<u>\$ (3,097,059)</u>	<u>\$ (2,724,161)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Indirect administrative support from Boise State University	\$ 698,300	\$ 557,965
Gifts, donated services, trade and sponsorships	115,096	112,741
Total non-cash transactions	<u>\$ 813,396</u>	<u>\$ 670,706</u>

See notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Boise State Public Radio Network (the “Network”) is a network of noncommercial radio stations operated by Boise State University (the “University”) in Boise, Idaho. The Network consists of two qualified station grantees of the Corporation for Public Broadcasting, KBSU FM and KBSW FM.

The financial statements for fiscal years ended June 30, 2020 and June 30, 2019 are prepared in accordance with Governmental Accounting Standards Board (“GASB”) principles. The Network is not a separate legal entity. Rather it is a department of the University and these departmental financial statements are presented for the purpose of reporting to the Corporation for Public Broadcasting.

Basis of Accounting – For financial reporting purposes, the Network is considered a special-purpose government entity, engaged only in business-type activities. Accordingly, the Network’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (“GAAP”). Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Cash with Treasurer – Balances classified as Cash with Treasurer are amounts that have been remitted to the State of Idaho as a result of the student tuition and fee collection process and, once remitted, are under the control of the State Treasurer. Such funds are released to the Network as reimbursement for expenditures incurred.

Cash and Cash Equivalents – The Network considers all liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Accounts at the Network are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At June 30, 2020 and June 30, 2019 amounts held in depository financial institutions did not exceed the federally insured limit.

Accounts Receivable, Net – Accounts receivable consists of underwriting and membership pledges. Receivables are shown net of allowance and are expected to be collected within the next fiscal year.

Inventories – Inventories consist of gift vouchers received and are valued at lower of cost or market, at the time received as a donation.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Due from Boise State University Foundation – The Network’s underwriting revenues are deposited directly with the Foundation. Due from Boise State University Foundation represents the amount of cash the Foundation administers on behalf of the Network.

Capital Assets, Net – Property and equipment are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of gift. The Network’s capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year.

Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings and 5 to 13 years for equipment.

Intangible assets represent tower transmission rights purchased in October 2001 from Boise State University Foundation, Inc. The purchase grants the Network tower transmission rights into perpetuity. The rights were amortized over the life of the tower; a period of 13 years and have been fully amortized.

Unearned Revenue – Unearned revenue consists of amounts received for underwriting and grant funding received prior to meeting all of the eligibility requirements.

Compensated Absences Payable – Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Compensated absence costs are included in benefits expense in the statements of revenues, expenses, and changes in net position.

Non-current Liabilities – Non-current liabilities include the principal amount of notes payable due in more than one year.

Deferred Inflows of Resources – Deferred inflows of resources are an acquisition of net position that is applicable to future reporting periods. Similar to liabilities, they have a negative effect on net position. Deferred inflows of resources that relate to grants include grants where all of the eligibility requirements have been met except for a time requirement.

Net Position – The Network’s net position is classified as follows:

Net Investment in Capital Assets – This represents the Network’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not expended for capital assets; such amounts are not included as a component of net investment in capital assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted, Expendable – Restricted, expendable net position includes resources in which the Network is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. At June 30, 2020 and June 30, 2019, the Network did not have any restricted, expendable net position.

Unrestricted – Unrestricted net position represents resources derived from state appropriations, and sales and services. These resources are used for transactions related to the general operations of the Network, and may be used at the discretion of Network management to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Network's policy is to first apply the expense toward restricted resources, if any, and then toward unrestricted resources.

Revenue Recognition – Grants and contracts and support from the University are recorded as revenue when received. Restricted grants that are refundable are recorded as revenue to the extent that they have been expended for the purpose specified by the donor or grantor during the period.

In-kind contributions are recorded as revenue and expense in the financial statements. In-kind contributions consist of trades for products and services and are valued at their estimated fair market value at date of receipt.

Donated services and administrative support from the University consists of direct services provided to the Network including payroll and other operating expenditures funded through local funds and state appropriations, and an allocation of costs and certain other indirect expenses incurred by the University on behalf of the Network.

Classification of Revenues – The Network has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state and local grants and contracts and federal appropriations.

Non-operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, memberships, contributions, and other revenue resources that are defined as non-operating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting," and GASB Statement No. 34, such as state general appropriations and investment income.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Accounting Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities, and revenues and expenses during the year at the date of the financial statements. Actual results could differ from those estimates.

New Accounting Standards – In May 2020 GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments and for accounting and financial reporting of those activities. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2019. Management is evaluating the impact implementing this Statement will have on the Network's future financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The guidance postpones the effective date of the pronouncement to reporting periods beginning after June 15, 2021. Management is evaluating the impact implementing this Statement will have on the Network's future financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2020. Management is evaluating the impact implementing this Statement will have on the Network's future financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2019. Management is evaluating the impact implementing this Statement will have on the Network's future financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2021. Management believes implementation will have no material impact on the Network's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including requirements related to leases (Statement 87), requirements related to intra-entity transfers (Statements 73 & 74), requirements related to postemployment benefit arrangements (Statement 84) and requirements related to measurement of liabilities and assets associated with Asset Retirement Obligations (ARO). The guidance postpones the effective date of the pronouncement to reporting periods beginning after June 15, 2021. Management is evaluating the impact implementing this Statement will have on the Network's future financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The guidance postpones all other requirements of this pronouncement to reporting periods beginning after June 15, 2021. Management believes implementation will have no material impact on the Network's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The guidance postpones the effective date of the pronouncement to reporting periods beginning after June 15, 2023. Management believes implementation will have no material impact on the Network's financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end-users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is evaluating the impact implementing this Statement will have on the Network's future financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB No. 32*. This Statement amends the criteria for reporting governmental fiduciary component units – separate legal entities included in a government's financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Management believes implementation will have no material impact on the Network's financial statements.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30:

Accounts Receivable	2020	2019
Unbilled charges	\$ 3,163	\$ 65,945
Underwriting	79,574	125,777
Pledges receivable	10,639	40,103
Total accounts receivable	93,376	231,825
Less: Allowance for doubtful receivables	(9,282)	(7,310)
Total accounts receivable, net	\$ 84,094	\$ 224,515

3. UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

Unearned Revenue	2020	2019
Underwriting	\$ 14,110	\$ 16,058
Federal, state and private grants and contracts	109,506	44,857
Total unearned revenue	\$ 123,616	\$ 60,915

4. CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2020:

	2020				
	Balance June 30, 2019	Additions	Transfers	Retirements	Balance June 30, 2020
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets not being depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other capital assets:					
Buildings and improvements	\$ 1,075,395	\$ -	\$ -	\$ -	\$ 1,075,395
Furniture and equipment	2,309,721	56,122	-	(102,867)	2,262,976
Intangibles	469,199	-	-	-	469,199
Total other capital assets	<u>3,854,315</u>	<u>56,122</u>	<u>-</u>	<u>(102,867)</u>	<u>3,807,570</u>
Less accumulated depreciation:					
Buildings and improvements	(162,151)	(28,082)	-	-	(190,233)
Furniture and equipment	(1,909,682)	(67,501)	-	102,817	(1,874,366)
Intangibles	(469,199)	-	-	-	(469,199)
Total accumulated depreciation	<u>(2,541,032)</u>	<u>(95,583)</u>	<u>-</u>	<u>102,817</u>	<u>(2,533,798)</u>
Other capital assets, net	<u>\$ 1,313,283</u>	<u>\$ (39,461)</u>	<u>\$ -</u>	<u>\$ (50)</u>	<u>\$ 1,273,772</u>
Capital assets summary:					
Capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets at cost	3,854,315	56,122	-	(102,867)	3,807,570
Total cost of capital assets	<u>3,854,315</u>	<u>56,122</u>	<u>-</u>	<u>(102,867)</u>	<u>3,807,570</u>
Less accumulated depreciation	<u>(2,541,032)</u>	<u>(95,583)</u>	<u>-</u>	<u>102,817</u>	<u>(2,533,798)</u>
Capital assets, net	<u>\$ 1,313,283</u>	<u>\$ (39,461)</u>	<u>\$ -</u>	<u>\$ (50)</u>	<u>\$ 1,273,772</u>

Following are the changes in capital assets for the year ended June 30, 2019:

	2019				
	Balance June 30, 2018	Additions	Transfers	Retirements	Balance June 30, 2019
Capital assets not being depreciated:					
Construction in progress	\$ 18,703	\$ -	\$ (18,703)	\$ -	\$ -
Total assets not being depreciated	\$ 18,703	\$ -	\$ (18,703)	\$ -	\$ -
Other capital assets:					
Buildings and improvements	\$ 1,075,395	\$ -	\$ -	\$ -	\$ 1,075,395
Furniture and equipment	2,014,836	294,885	-	-	2,309,721
Intangibles	469,199	-	-	-	469,199
Total other capital assets	3,559,430	294,885	-	-	3,854,315
Less accumulated depreciation:					
Buildings and improvements	(134,070)	(28,081)	-	-	(162,151)
Furniture and equipment	(1,849,949)	(59,733)	-	-	(1,909,682)
Intangibles	(469,199)	-	-	-	(469,199)
Total accumulated depreciation	(2,453,218)	(87,814)	-	-	(2,541,032)
Other capital assets, net	\$ 1,106,212	\$ 207,071	\$ -	\$ -	\$ 1,313,283
Capital assets summary:					
Capital assets not being depreciated	\$ 18,703	\$ -	\$ (18,703)	\$ -	\$ -
Other capital assets at cost	3,559,430	294,885	-	-	3,854,315
Total cost of capital assets	3,578,133	294,885	(18,703)	-	3,854,315
Less accumulated depreciation	(2,453,218)	(87,814)	-	-	(2,541,032)
Capital assets, net	\$ 1,124,915	\$ 207,071	\$ (18,703)	\$ -	\$ 1,313,283

5. NOTES PAYABLE

In June 2014, the Network entered into an unsecured \$600,000 ten-year note payable with Boise State University to finance the remodel and upgrades needed for the radio station studios.

Notes Payable – Outstanding:

	June 30, 2020					
	Original Face Value	Terms	Interest Rate	Maturity Date	Outstanding Balance 2020	Outstanding Balance 2019
Boise State University note payable	\$ 600,000	10 years	5.76%	2024	\$ 281,961	\$ 342,873
Total notes payable					<u>\$ 281,961</u>	<u>\$ 342,873</u>

Notes Payable – Principal and interest maturities:

Notes Payable Principal and Interest As of June 30, 2020			
	Principal	Interest	Total
2021	\$ 64,514	\$ 14,556	\$ 79,070
2022	68,330	10,740	79,070
2023	72,371	6,699	79,070
2024	76,652	2,418	79,070
2025	94	-	94
Total	<u>\$ 281,961</u>	<u>\$ 34,413</u>	<u>\$ 316,374</u>

6. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources consisted of the following at June 30:

Deferred Inflows	2020	2019
Deferred inflows related to grants	<u>\$227,235</u>	<u>\$219,159</u>
Total Deferred inflows of resources	<u>\$227,235</u>	<u>\$219,159</u>

7. RELATED PARTY

The Boise State University Foundation, Inc. (the “Foundation”) was established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of Boise State University, which includes the Network. The Network paid to the Foundation \$37,689 and \$46,811 in fiscal year 2020 and 2019, respectively for payments made by the Foundation on behalf of the Network. These amounts are included in operating expenses. The Foundation owed the Network \$1,619,906 and \$1,744,611 for Network underwriting revenues collected and held by the Foundation as of June 30, 2020 and 2019, respectively.

The Network incurred \$109,632 and \$276,469 in operating expenses in fiscal 2020 and 2019, respectively that were not reimbursed to Boise State University. These amounts are included in due to Boise State University and operating expenses.

8. NOVEL CORONAVIRUS VIRUS (COVID-19)

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. On March 27, 2020 the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided funding to relieve a portion of the financial impact of the virus. The result of these actions is reflected throughout the financial statements. We are unable to predict the duration and severity of these and other effects related to COVID-19. Accordingly we are unable to estimate the related effect on the Network's results of operations.

SUPPLEMENTARY INFORMATION:

BOISE STATE PUBLIC RADIO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY STATION
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	KBSU		KBSW		TOTAL	
	2020	2019	2020	2019	2020	2019
OPERATING REVENUES:						
Federal Grants and Contracts	5,826	5,693	12,382	12,098	18,208	17,791
Private Grants and Contracts	225,055	232,633	478,242	692,167	703,297	924,800
Indirect Administrative Support	222,100	142,768	476,200	415,197	698,300	557,965
Other	39,570	1,388	84,094	(904)	123,664	484
Total Operating Revenues:	492,551	382,482	1,050,918	1,118,558	1,543,469	1,501,040
OPERATING EXPENSES:						
Personnel	876,600	504,120	1,862,773	1,843,062	2,739,373	2,347,182
Services	330,519	234,528	702,352	706,503	1,032,871	941,031
Supplies	88,133	66,254	187,283	176,769	275,416	243,023
Insurance, Utilities, and Rent	53,673	65,127	114,057	125,960	167,730	191,087
Depreciation and amortization	30,587	28,100	64,996	59,714	95,583	87,814
Miscellaneous	249,424	235,956	530,026	466,020	779,450	701,976
Total Operating Expenses	1,628,936	1,134,085	3,461,487	3,378,028	5,090,423	4,512,113
OPERATING LOSS:	(1,136,385)	(751,603)	(2,410,569)	(2,259,470)	(3,546,954)	(3,011,073)
NON-OPERATING REVENUES (EXPENSES):						
State appropriations	162,823	191,728	346,000	407,423	508,823	599,151
Gifts	716,506	707,522	1,941,712	1,971,812	2,658,218	2,679,334
Net Investment Income	185	236	392	502	577	738
Interest Expense	(5,811)	(6,899)	(12,347)	(14,661)	(18,158)	(21,560)
Loss on retirement of capital asset			(50)		(50)	
Other	118,706	40	126,097	86	244,803	126
Net Non-Operating Revenues	992,409	892,627	2,401,804	2,365,162	3,394,213	3,257,789
INCREASE IN NET POSITION	(143,976)	141,024	(8,765)	105,692	(152,741)	246,716
NET POSITION - BEGINNING OF YEAR	542,648	401,624	1,836,372	1,730,680	2,379,020	2,132,304
NET POSITION - END OF YEAR	398,672	542,648	1,827,607	1,836,372	2,226,279	2,379,020

Report of Independent Auditors on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Idaho State Board of Education
Boise State Public Radio Network
Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boise State Public Radio Network (the Network), a public telecommunications entity operated by Boise State University, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated January 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mass Adams LLP

Portland, Oregon
January 13, 2021