

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION OF KJZZ – FM RADIO,
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT AND
KBAQ – FM RADIO, A PUBLIC TELECOMMUNICATIONS ENTITY
LICENSED TO ARIZONA BOARD OF REGENTS FOR AND ON
BEHALF OF ARIZONA STATE UNIVERSITY AND MARICOPA
COUNTY COMMUNITY COLLEGE DISTRICT
(KJZZ – FM RADIO AND KBAQ – FM RADIO)**

YEARS ENDED JUNE 30, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

Maricopa County Community College District
KJZZ – FM Radio and KBAQ – FM Radio
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of KJZZ – FM Radio, a Public Telecommunications Entity Operated by Maricopa County Community College District and KBAQ- FM Radio, a Telecommunications Entity Licensed to Arizona Board of Regents for and on behalf of Arizona State University and Maricopa County Community College District (KJZZ – FM Radio and KBAQ – FM Radio) or (Stations) and the discretely presented component unit, Friends of Public Radio, Arizona, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Stations' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of KJZZ – FM Radio and KBAQ – FM Radio and the discretely presented component unit, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Stations 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 opinions.

Emphasis of Matter

As discussed in Note 1.A., the financial statements present only KJZZ – FM Radio and KBAQ – FM Radio (departments within Maricopa County Community College District, under a license granted by the Federal Communications Commission) and do not purport to, and do not, present fairly the financial position of Maricopa County Community College District as of June 30, 2025 and 2024, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 Stations' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 Stations' 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 Stations' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stations' basic financial statements. The Supplementary Information (Friends of Public Radio Arizona Statement of Activities by Licensee) 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. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the Friends of Public Radio Statement of Activities by Licensee is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 19, 2026

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REQUIRED SUPPLEMENTARY INFORMATION

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

This discussion and analysis introduces the financial statements and provides an overview of the KJZZ-FM Radio and KBAQ-FM Radio Stations' (the Stations) financial activities for the years ended June 30, 2025 and 2024. Please read it in conjunction with the financial statements, which immediately follow.

FINANCIAL HIGHLIGHTS

- ◆ KJZZ- FM public radio is a listener supported community service providing listeners with a mix of news and information along with jazz music 24-hours a day.

KBAQ – FM public radio is a listener supported classical music station co-licensed to the Maricopa County Community Colleges and Arizona State University.

Sun Sounds of Arizona is a reading service providing news, information, and entertainment to those who cannot read print due to a disability.

- ◆ Funding for KJZZ and KBAQ primarily comes from individual donations, grants and underwriting. Other sources include the Maricopa County Community College District and the Corporation for Public Broadcasting (CPB). Sun Sounds of Arizona is funded through support from the Maricopa County Community Colleges District, individual donations, and grants and from the State Department of Library, Archives and Public Records. All services benefit from fundraising events and car donation programs.
- ◆ Each year an annual strategic plan is produced and executed for each radio station in order to acquire revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

Beginning in FY2002, KJZZ – FM Radio, operated by the Maricopa County Community College District (MCCCD), and KBAQ – FM Radio co-licensed to Arizona State University and the Maricopa County Community College District (the Stations), were required to present annual financial statements in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The financial statements consist of the following:

- ◆ The statement of net position reflects the financial position of KJZZ – FM Radio and KBAQ – FM Radio and Sun Sounds Radio Stations at June 30, 2025 and 2024. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net position.
- ◆ The statement of revenues, expenses, and changes in net position reflects the results of operations and other changes for the years ended June 30, 2025 and 2024. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount – which is shown on the statement of net position, described above.
- ◆ The statement of cash flows reflects the inflows and outflows of cash and cash equivalents for the years ended June 30, 2025 and 2024. It shows various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount – which is shown on the statement of net position, described above. In addition, this statement reconciles cash flows from operating activities to operating income (loss) on the statement of revenues, expenses, and changes in net position, described above.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Although the primary focus of this document is on the results of activity for years ended June 30, 2025 (FY2025) and 2024 (FY2024), comparative data is presented for the previous year ended June 30, 2023 (FY2023). This Management's Discussion and Analysis (MD&A) uses the prior year as a reference point to illustrate issues and trends for determining whether the Stations' financial health may have improved or deteriorated.

The condensed financial information on the following page highlights the main categories of the statement of net position. Assets and liabilities are distinguished as to their current and noncurrent natures. Current liabilities are typically those obligations intended for liquidation or payment within the next fiscal year while current assets are those resources that are available for use in meeting the ongoing operating needs of the Stations, including current liabilities. Net Position is divided into two categories, investment in capital assets and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Stations are improving or deteriorating.

**Table A-1
Statement of Net Position**

	2025				2024	2023
	KJZZ	Sun Sounds	KBAQ	Total		
ASSETS						
Current Assets	\$ 2,677,858	\$ 10,057	\$ 1,648,790	\$ 4,336,705	\$ 3,796,939	\$ 3,390,619
Capital Assets, Net	993,709	22,923	108,284	1,124,916	1,286,751	1,454,548
Total Assets	<u>3,671,567</u>	<u>32,980</u>	<u>1,757,074</u>	<u>5,461,621</u>	<u>5,083,690</u>	<u>4,845,167</u>
LIABILITIES						
Current Liabilities	222,491	78,269	165,933	466,693	391,347	509,957
Total Liabilities	<u>222,491</u>	<u>78,269</u>	<u>165,933</u>	<u>466,693</u>	<u>391,347</u>	<u>509,957</u>
NET POSITION						
Investment in Capital Assets	993,709	22,923	108,284	1,124,916	1,286,751	1,454,548
Unrestricted Net Position	2,455,367	(68,212)	1,482,857	3,870,012	3,405,592	2,880,662
Total Net Position	<u>\$ 3,449,076</u>	<u>\$ (45,289)</u>	<u>\$ 1,591,141</u>	<u>\$ 4,994,928</u>	<u>\$ 4,692,343</u>	<u>\$ 4,335,210</u>

The Stations' overall financial position increased in FY2025 and FY2024, with total net position increasing 6% from FY2024 to FY2025 and increasing 8% from FY2023 to FY2024. The change in net position is further discussed following Table A-2 (Changes in Net Position) on the following page.

Total current assets for the Stations in FY2025 increased \$0.5 million. The increase was due to an increase in cash and cash equivalents (\$0.6 million) and a decrease in underwriting receivable (\$0.1 million). The cash increase was primarily due to an increase in number of radio spots sold and transfers from Friends of Public Radio.

Total current assets for the stations in FY2024 increased \$0.4 million. The increase was due to an increase in cash and cash equivalents (\$0.3 million) and an increase in underwriting receivable (\$0.1 million). The cash increase was primarily due to an increase in unearned revenue and underwriting revenue.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Capital assets at June 30, 2025 and 2024 totaled \$1.1 million and \$1.3 million, respectively, versus \$1.5 million in FY2023. Net decreases in FY2025 and FY2024 were due to the net effect of current year depreciation expense and current year additions/deletions. In FY2025, the Stations had additions of \$0.02 million, and depreciation expense of \$0.2 million. The Stations had depreciation expense of \$0.2 million in FY2024. Additional information on capital assets can be found in the Notes to Financial Statements – Note 2.A.2.

In FY2025, liabilities increased \$0.1 million from FY2024. The increase in liabilities was due to an increase in unearned revenue of \$0.1 million associated with underwriting.

In FY2024, liabilities decreased \$0.1 million from FY2023. The decrease in liabilities was due to a decrease in unearned revenue of \$0.1 million associated with underwriting.

The condensed financial information below highlights the main categories of the statement of revenues, expenses, and changes in net position. Depreciation expense is recorded in accordance with the adoption of the full accrual basis of accounting. The construction and acquisition of capital assets, although budgeted and tracked as an expenditure in the accounting system, is not reflected as an expense in these statements. Rather, such transactions are capitalized and reported in net position – with the systematic allocation of such costs (depreciation) expensed over the useful lives of the assets constructed or acquired.

**Table A-2
Changes in Net Position**

	2025				2024	2023
	KJZZ	Sun Sounds	KBAQ	Total		
OPERATING REVENUES	\$ 3,066,326	\$ 96,869	\$ 825,368	\$ 3,988,563	\$ 3,611,095	\$ 3,649,989
OPERATING EXPENSES						
Education and General	11,130,427	471,492	3,041,922	14,643,841	13,961,306	14,071,346
Depreciation	138,448	474	46,364	185,286	213,193	195,583
Total Operating Expenses	11,268,875	471,966	3,088,286	14,829,127	14,174,499	14,266,929
OPERATING LOSS	(8,202,549)	(375,097)	(2,262,918)	(10,840,564)	(10,563,404)	(10,616,940)
NONOPERATING REVENUES	8,428,309	122,430	2,590,468	11,141,207	10,920,537	10,916,915
CHANGE IN NET POSITION	225,760	(252,667)	327,550	300,643	357,133	299,975
Net Position - Beginning of Year	3,223,316	207,378	1,263,591	4,694,285	4,335,210	4,035,235
NET POSITION - END OF YEAR	<u>\$ 3,449,076</u>	<u>\$ (45,289)</u>	<u>\$ 1,591,141</u>	<u>\$ 4,994,928</u>	<u>\$ 4,692,343</u>	<u>\$ 4,335,210</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

The Stations show an operating loss in each of the three fiscal years, reflective of the fact that the two largest revenue sources, private gifts and underwriting, are considered nonoperating revenues. For a description of the difference between operating and nonoperating revenues, please refer to the Summary of Significant Accounting Policies (Note 1), which directly follows the presentation of the financial statements.

Operating revenues, including licensee appropriations and shared administrative support, reported an increase (\$0.4 million) in FY2025 from FY2024, primarily due to an increase in shared administrative support (\$0.4 million). Operating revenues, including licensee appropriations and shared administrative support, reported a similar balance in FY2024 as compared to FY2023 (\$3.6 million). Licensee appropriations are expenses paid on behalf of the stations by MCCCD and are recognized as revenues (contributions) on the financial statements. They include expenses such as salary and benefits of key employees and certain capital expenses. Shared administrative support is a calculation of how much indirect support is provided to the Stations by the licensees. Revenues are recognized in an amount equal to expenses through contributions from MCCCD and Arizona State University (ASU).

Nonoperating revenues, primarily comprised of listener donations, corporate underwriting, and private gifts, grants and contracts, increased \$0.2 million in FY2025 from FY2024, due to an increase in private gifts (\$0.2 million).

Nonoperating revenues reported a similar balance in FY2024 as compared to FY2023 (\$10.9 million).

Friends of Public Radio Arizona transferred \$5.9 million and \$5.7 million to the Stations in FY2025 and FY2024, respectively. In FY2025, the increase was due to maintaining the same level of contributions from Friends of Public Radio and increased revenue through listener support and donations. Friends of Public Radio Arizona is a nonprofit 501c(3) organization that stewards revenues raised by the Stations through listener donations, events, and grants. Friends of Public Radio transferred \$5.6 million in FY2023.

Private grants and contracts increased \$0.07 million in FY2025 largely due to an increase in restricted grant funding in the current year. Private grants and contracts decreased \$0.03 million in 2024 largely due to a decrease in restricted grant funding in the prior year.

Underwriting revenue decreased \$0.1 million in FY2025 compared to FY2024, largely due to a fluctuation of promotional discounts and sales prices for radio spots throughout the year. Radio spot sale rates can fluctuate based on demand by month and by time slot.

The Stations received similar underwriting revenues in FY2024 compared to FY2023 (\$3.2 million).

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

In FY2025, operating expenses increased \$0.7 million over the previous fiscal year. Management and general expenses increased \$0.4 million while programming and production increased \$0.3 million.

In FY2024, operating expenses decreased \$0.1 million over the previous fiscal year. Broadcasting increased \$0.05 million, and depreciation increased \$0.02 million, while programming and production decreased \$0.09 million, management and general decreased \$0.04 million, and fundraising expenses decreased \$0.04 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets at June 30, 2025, 2024, and 2023 totaled \$1.1 million, \$1.3 million, and \$1.5 million, respectively. The decreases in FY2025 and FY2024 were due to the net effect of additions and current year depreciation.

**Table A-3
Capital Assets (Net of Accumulated Depreciation)**

	2025	2024	Variance
Land Improvements	\$ 475,656	\$ 515,424	-8%
Buildings and Improvements	524,962	575,735	-9%
Equipment	124,298	195,592	-36%
Total	<u>\$ 1,124,916</u>	<u>\$ 1,286,751</u>	-13%

Major capital asset activity during FY2025 and FY2024 were:

- ◆ FY 2025 – Depreciation expense of \$185,286 and additions of \$22,480.
- ◆ FY 2024 – Depreciation expense of \$213,193 and additions of \$45,396.

Additional information on the Stations' capital assets can be found in Note 2.A.2.

Long-Term Debt

At the end of the current fiscal year, the Stations had no long-term debt outstanding.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Economic Factors and Next Year's Budget

- ◆ The stations continue to closely monitor revenue streams and opportunities for future funding. The stations have strategically shifted resources to acquiring new members and retaining sustaining membership base. Uncertainty in the U.S. economy and global tensions have continued which may harm the stations' ability to grow its funding base. Federal proposals that would affect business revenue and ultimately consumers, will impact the stations' ability to raise additional funding from individual donors.
- ◆ Financial support from the Corporation for Public Broadcasting (CPB) has ceased as of September 30th, 2025. A federal rescission package passed and signed in the summer of 2025 ended the already appropriated federal monies. This action creates a burden on the budget as the stations scramble to find additional funding to fill the gap created by this action. Subsequently, the CPB has voted to dissolve which could create difficult hurdles for any option for new federal dollars in the years ahead. After more than five decades of support for public stations, this funding has ended.
- ◆ Support from our parent institution, Rio Salado College, is expected to continue.

The Rio Salado College "Division of Public Service," includes KJZZ-FM, KBAQ-FM, Sun Sounds and Spot 127 Digital Media Center.

The Division's operating units operate under budget plans that are monitored by management.

REQUESTS FOR INFORMATION

This financial report is designed to provide the readers with a general overview of the Stations' finances and to show the Stations' accountability for monies it receives. If you have any questions about this report, or need additional financial information, contact the Maricopa County Community College District, Office of Financial Services and Controller, at 2411 W. 14th Street, Tempe, Arizona 85281.

BASIC FINANCIAL STATEMENTS

KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025			2024		
	KJZZ FM Radio	KBAQ FM Radio	Total	KJZZ FM Radio	KBAQ FM Radio	Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 2,239,923	\$ 1,485,875	\$ 3,725,798	\$ 2,000,747	\$ 1,131,335	\$ 3,132,082
Receivables (Net of Allowance)						
Private Grants and Gifts	-	47,000	47,000	-	9,775	9,775
Underwriting	426,000	115,915	541,915	492,334	138,188	630,522
Other Assets	21,992	-	21,992	23,670	890	24,560
Total Current Assets	<u>2,687,915</u>	<u>1,648,790</u>	<u>4,336,705</u>	<u>2,516,751</u>	<u>1,280,188</u>	<u>3,796,939</u>
Noncurrent Assets						
Capital Assets (Net)						
Depreciable	1,016,632	108,284	1,124,916	1,139,402	147,349	1,286,751
Total Noncurrent Assets	<u>1,016,632</u>	<u>108,284</u>	<u>1,124,916</u>	<u>1,139,402</u>	<u>147,349</u>	<u>1,286,751</u>
Total Assets	3,704,547	1,757,074	5,461,621	3,656,153	1,427,537	5,083,690
LIABILITIES						
Current Liabilities						
Accounts Payable	70,550	17,155	87,705	81,090	21,589	102,679
Accrued Liabilities	7,753	2,228	9,981	7,725	2,228	9,953
Unearned Revenue	222,457	146,550	369,007	138,586	140,129	278,715
Total Current Liabilities	<u>300,760</u>	<u>165,933</u>	<u>466,693</u>	<u>227,401</u>	<u>163,946</u>	<u>391,347</u>
NET POSITION						
Investment in Capital Assets	1,016,632	108,284	1,124,916	1,139,402	147,349	1,286,751
Unrestricted	2,387,155	1,482,857	3,870,012	2,289,350	1,116,242	3,405,592
Total Net Position	<u>\$ 3,403,787</u>	<u>\$ 1,591,141</u>	<u>\$ 4,994,928</u>	<u>\$ 3,428,752</u>	<u>\$ 1,263,591</u>	<u>\$ 4,692,343</u>

See accompanying Notes to Basic Financial Statements.

KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	KJZZ FM Radio	KBAQ FM Radio	Total	KJZZ FM Radio	KBAQ FM Radio	Total
OPERATING REVENUES						
Operating Revenues						
Licensee Appropriations	\$ 270,552	\$ 58,179	\$ 328,731	\$ 281,212	\$ 63,999	\$ 345,211
Shared Administrative Support	2,846,304	767,189	3,613,493	2,519,450	711,800	3,231,250
Other Operating Revenues	46,339	-	46,339	34,634	-	34,634
Total Operating Revenues	<u>3,163,195</u>	<u>825,368</u>	<u>3,988,563</u>	<u>2,835,296</u>	<u>775,799</u>	<u>3,611,095</u>
EXPENSES						
Operating Expenses						
Educational and General						
Programming and Production	3,167,589	1,285,651	4,453,240	2,890,563	1,230,266	4,120,829
Broadcasting	3,244,390	371,623	3,616,013	3,259,402	386,986	3,646,388
Management and General	3,405,181	860,904	4,266,085	3,081,664	808,821	3,890,485
Fundraising	1,784,759	523,744	2,308,503	1,751,814	551,790	2,303,604
Depreciation	138,922	46,364	185,286	164,247	48,946	213,193
Total Operating Expenses	<u>11,740,841</u>	<u>3,088,286</u>	<u>14,829,127</u>	<u>11,147,690</u>	<u>3,026,809</u>	<u>14,174,499</u>
OPERATING LOSS	(8,577,646)	(2,262,918)	(10,840,564)	(8,312,394)	(2,251,010)	(10,563,404)
NONOPERATING REVENUES (EXPENSES)						
Government Grants and Contracts	85,348	-	85,348	97,000	-	97,000
State Appropriations	-	323,811	323,811	-	323,723	323,723
Private Gifts	5,239,407	1,376,607	6,616,014	5,170,311	1,207,227	6,377,538
Private Grants and Contracts	732,375	248,261	980,636	673,934	238,082	912,016
Underwriting	2,435,330	641,789	3,077,119	2,544,572	665,688	3,210,260
Gain (Loss) on Disposal of Capital Assets	(971)	-	(971)	-	-	-
Other Income	59,250	-	59,250	-	-	-
Total Nonoperating Revenues	<u>8,550,739</u>	<u>2,590,468</u>	<u>11,141,207</u>	<u>8,485,817</u>	<u>2,434,720</u>	<u>10,920,537</u>
CHANGE IN NET POSITION	(26,907)	327,550	300,643	173,423	183,710	357,133
Net Position - Beginning of Year	<u>3,430,694</u>	<u>1,263,591</u>	<u>4,694,285</u>	<u>3,255,329</u>	<u>1,079,881</u>	<u>4,335,210</u>
NET POSITION - END OF YEAR	<u>\$ 3,403,787</u>	<u>\$ 1,591,141</u>	<u>\$ 4,994,928</u>	<u>\$ 3,428,752</u>	<u>\$ 1,263,591</u>	<u>\$ 4,692,343</u>

See accompanying Notes to Basic Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	KJZZ FM Radio	KBAQ FM Radio	Total	KJZZ FM Radio	KBAQ FM Radio	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Licensee Appropriations and Shared Administrative Support	\$ 3,116,856	\$ 825,368	\$ 3,942,224	\$ 2,800,662	\$ 775,799	\$ 3,576,461
Payments to Employees	(5,924,263)	(1,179,440)	(7,103,703)	(5,581,467)	(1,247,718)	(6,829,185)
Payments to Suppliers	(5,686,490)	(1,866,026)	(7,552,516)	(5,362,212)	(1,720,978)	(7,083,190)
Other Operating Revenues	46,339	-	46,339	34,634	-	34,634
Net Cash Used by Operating Activities	(8,447,558)	(2,220,098)	(10,667,656)	(8,108,383)	(2,192,897)	(10,301,280)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Government Grants and Contracts	97,000	-	97,000	97,000	-	97,000
Private Grants and Contracts	732,375	224,395	956,770	673,934	241,525	915,459
Private Gifts and Underwriting Received for Other than Capital Purposes	7,813,290	2,033,731	9,847,021	7,490,077	1,825,245	9,315,322
State Appropriations	-	323,811	323,811	-	323,723	323,723
Other Nonoperating Receipts	59,250	-	59,250	-	-	-
Net Cash Provided by Noncapital Financing Activities	8,701,915	2,581,937	11,283,852	8,261,011	2,390,493	10,651,504
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(15,181)	(7,299)	(22,480)	(36,308)	(9,088)	(45,396)
NET INCREASE IN CASH AND CASH EQUIVALENTS	239,176	354,540	593,716	116,320	188,508	304,828
Cash and Cash Equivalents - Beginning of Year	2,000,747	1,131,335	3,132,082	1,884,427	942,826	2,827,253
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,239,923</u>	<u>\$ 1,485,875</u>	<u>\$ 3,725,798</u>	<u>\$ 2,000,747</u>	<u>\$ 1,131,334</u>	<u>\$ 3,132,081</u>

See accompanying Notes to Basic Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total	KJZZ FM Radio	KBAQ FM Radio	Combined Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES						
Operating Loss	\$ (8,577,646)	\$ (2,262,918)	\$ (10,840,564)	\$ (8,312,394)	\$ (2,251,010)	\$ (10,563,404)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:						
Depreciation Expense	138,922	46,364	185,286	164,247	48,946	213,193
Change in Assets and Liabilities:						
Other Assets	1,678	890	2,568	30,471	5,686	36,157
Accounts Payable	(10,540)	(4,434)	(14,974)	9,122	3,428	12,550
Accrued Liabilities	28	-	28	171	53	224
Net Cash Used by Operating Activities	<u>\$ (8,447,558)</u>	<u>\$ (2,220,098)</u>	<u>\$ (10,667,656)</u>	<u>\$ (8,108,383)</u>	<u>\$ (2,192,897)</u>	<u>\$ (10,301,280)</u>

See accompanying Notes to Basic Financial Statements.

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**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENTS OF FINANCIAL POSITION – COMPONENT UNIT
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,873,783	\$ 6,808,662
Investments	3,023,595	-
Pledge Receivable	558,657	13,079
Prepaid Expenses	-	160,517
Inventory	4,124	4,757
Total Current Assets	8,460,159	6,987,015
NONCURRENT ASSETS		
Interest in Arizona Community Foundation Investment Pool	3,749,998	3,425,257
Property and Equipment	355,278	279,571
Total Noncurrent Assets	4,105,276	3,704,828
Total Assets	\$ 12,565,435	\$ 10,691,843
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 18,934	\$ 51,141
Deferred Revenue	3,750	-
Total Current Liabilities	22,684	51,141
NET ASSETS		
Without Donor Restrictions	11,336,886	9,827,009
With Donor Restrictions	1,205,865	813,693
Total Net Assets	12,542,751	10,640,702
Total Liabilities and Net Assets	\$ 12,565,435	\$ 10,691,843

See accompanying Notes to Basic Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2025**

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 7,641,519	\$ 743,935	\$ 8,385,454
Investment Income, Net	313,071	-	313,071
Other Revenue	73,571	-	73,571
Change in Interest in Arizona Community Foundation Investment Pool	220,691	-	220,691
Realized/Unrealized Gain on Investments	205,324	-	205,324
Special Events Revenue	49,025	-	49,025
Less: Cost of Direct Benefit to Donors	(31,479)	-	(31,479)
Subtotal	17,546	-	17,546
Net Assets Released From Restriction	351,763	(351,763)	-
Total Revenues and Support	<u>8,823,485</u>	<u>392,172</u>	<u>9,215,657</u>
EXPENSES			
Program Services	6,668,290	-	6,668,290
Support Services	303,066	-	303,066
Fundraising	703,587	-	703,587
Total Expenses	<u>7,674,943</u>	<u>-</u>	<u>7,674,943</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	1,148,542	392,172	1,540,714
Equity Transfer - Donated Services from Affiliate	<u>361,335</u>	<u>-</u>	<u>361,335</u>
CHANGE IN NET ASSETS	1,509,877	392,172	1,902,049
Net Assets - Beginning of Year	<u>9,827,009</u>	<u>813,693</u>	<u>10,640,702</u>
NET ASSETS - END OF YEAR	<u>\$ 11,336,886</u>	<u>\$ 1,205,865</u>	<u>\$ 12,542,751</u>

See accompanying Notes to Basic Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2024**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 7,476,590	\$ 169,718	\$ 7,646,308
Investment Income, Net	364,663	-	364,663
Other Revenue	75,451	-	75,451
Change in Interest in Arizona Community Foundation Investment Pool	260,125	-	260,125
Realized/Unrealized Gain on Investments	-	-	-
Special Events Revenue	88,160	-	88,160
Less: Cost of Direct Benefit to Donors	(56,145)	-	(56,145)
Total Net Special Events	32,015	-	32,015
Net Assets Released from Restriction	310,087	(310,087)	-
Total Revenues and Support	8,518,931	(140,369)	8,378,562
EXPENSES			
Program Services	6,042,701	-	6,042,701
Support Services	242,884	-	242,884
Fundraising	663,579	-	663,579
Total Expenses	6,949,164	-	6,949,164
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	1,569,767	(140,369)	1,429,398
Equity Transfer - Donated Services from Affiliate	367,663	-	367,663
CHANGE IN NET ASSETS	1,937,430	(140,369)	1,797,061
Net Assets - Beginning of Year	7,889,579	954,062	8,843,641
NET ASSETS - END OF YEAR	<u>\$ 9,827,009</u>	<u>\$ 813,693</u>	<u>\$ 10,640,702</u>

See accompanying Notes to Basic Financial Statements.

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of KJZZ – FM Radio, a Public Telecommunications Entity Operated by Maricopa County Community College District and KBAQ – FM Radio, a Public Telecommunications Entity Licensed to Arizona State University and Maricopa County Community College District (KJZZ – FM Radio and KBAQ – FM Radio) or (the Stations) conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). A summary of the Stations’ more significant accounting policies follows.

A. Reporting Entity

The Stations are a departmental operation, not a component unit, of the Maricopa County Community College District (MCCCD) in Phoenix, Arizona, under a license granted by the Federal Communications Commission. KJZZ – FM Radio is a Public Telecommunications Entity Operated by Maricopa County Community College District and KBAQ – FM Radio is a Public Telecommunications Entity Licensed to the Arizona Board of Regents for and on behalf of Arizona State University and Maricopa County Community College District (MCCCD). MCCCD provides administrative and other financial support to the Stations. The Stations’ financial statements include those portions of MCCCD’s Restricted Fund for which the Stations have financial accountability, including the accounts of an affiliated broadcast service, Sun Sounds. Sun Sounds is a radio reading service for the blind produced by the Stations. Financial accountability for the Stations remains with MCCCD. The accompanying financial statements present the activities of the Stations (the primary government) and their discretely presented component unit, the Friends of Public Radio Arizona (Friends).

Friends of Public Radio Arizona (Friends) is a legally separate 501(c)(3) nonprofit organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the Stations. Although MCCCD does not control the timing or amount of receipts from Friends, Friends’ restricted resources can only be used by, or for the benefit of, the Stations or their constituents. Consequently, Friends is considered a component unit of the Stations and is discreetly presented in the Stations’ financial statements.

For financial reporting purposes, Friends follows Financial Accounting Standards Board (FASB) statements for nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Friends’ financial information included in the Stations’ financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the Stations. For financial reporting purposes, only the Friends’ statements of financial position and activities are included in the Stations’ financial statements as required by accounting principles generally accepted in the United States of America for public colleges and universities.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

During the years ended June 30, 2025 and 2024, Friends distributed \$5,726,185 and \$5,704,908, respectively, to the Stations for both restricted and unrestricted purposes. Complete financial statements for Friends can be obtained from the Friends Office at 2323 W. 14th Street, Tempe, Arizona 85281.

B. Financial Statements

The financial statements (i.e., the statement of net position and the statement of revenues, expenses, and changes in net position) report information on all of the nonfiduciary activities of the Stations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Stations distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Stations' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Underwriting revenue is reported as nonoperating revenue due to the nature of the underwriting revenue largely representing corporate contributions rather than fees for advertising campaigns.

When both restricted and unrestricted resources are available for use, it is the Stations' policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position

1. Deposits and Investments

The Stations' cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Cash in bank is pooled with the Maricopa County Community College District and is insured or collateralized at 103% of the bank balance.

Arizona Revised Statutes (A.R.S.) authorize the Stations to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position (Continued)

2. Receivables

All receivables are shown net of allowance for uncollectible accounts. An allowance of \$25,065 and \$26,240 for KJZZ and an allowance of \$7,521 and \$7,870 for KBAQ was reported at June 30, 2025 and 2024, respectively.

3. Capital Assets

Capital assets of the Stations consist of land improvements, buildings and improvements, and equipment. Capital assets are stated at cost at date of acquisition, or acquisition value at date of donation in the case of gifts. Major outlays for assets or improvements to assets are capitalized as projects are constructed. These are categorized as construction in progress until completed, at which time they are reclassified to the appropriate asset type. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

Asset Category	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	N/A	N/A	N/A
Buildings and Improvements	\$ 100,000	Straight-Line	40 Years
Land Improvements	5,000	Straight-Line	20 Years
Equipment	5,000	Straight-Line	3 to 7 Years

4. Net Position

In the financial statements, net position is reported in two categories: investment in capital assets and unrestricted net position. Investment in capital assets is separately reported because the Stations report all Stations' assets which make up a significant portion of total net position. Unrestricted net position is the remaining net position not included in the previous category.

5. Income Taxes

The Stations are exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code section 501. Consequently, there was no provision for income taxes for the fiscal year.

6. Pension Expense

The Stations are departments, not component units, of Maricopa County Community College District (MCCCD) and therefore do not report a net pension liability. Payroll related expenses are allocated to the departments, and the underlying liability is the responsibility of MCCCD.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Cash and Cash Equivalents

Deposits and investments consisted of the following at June 30:

	2025		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Deposits			
Cash in Bank	\$ 2,239,923	\$ 1,485,875	\$ 3,725,798
	2024		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Deposits			
Cash in Bank	\$ 2,000,747	\$ 1,131,335	\$ 3,132,082

The Stations do not have a formal policy with respect to custodial credit risk. The Stations did not hold any investments at June 30, 2025 or 2024.

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Unearned Revenues

Changes in unearned revenues were as follows for the years ended June 30:

	2025		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Beginning Balance - July 1, 2024	\$ 138,586	\$ 140,129	\$ 278,715
Additions:			
Current Year Contributions and Grants	829,375	261,620	1,090,995
Increase in Prepaid Underwriter Contributions	145,268	11,007	156,275
Deductions:			
Contributions and Grants Recognized as Revenue	(817,723)	(248,261)	(1,065,984)
Decrease in Prepaid Underwriter Contributions	(73,049)	(17,945)	(90,994)
Ending Balance - June 30, 2025	<u>\$ 222,457</u>	<u>\$ 146,550</u>	<u>\$ 369,007</u>
	2024		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Beginning Balance - July 1, 2023	\$ 273,475	\$ 136,624	\$ 410,099
Additions:			
Current Year Contributions and Grants	770,934	246,301	1,017,235
Increase in Prepaid Underwriter Contributions	73,049	17,944	90,993
Deductions:			
Contributions and Grants Recognized as Revenue	(770,934)	(238,082)	(1,009,016)
Increase in Prepaid Underwriter Contributions	(207,938)	(22,658)	(230,596)
Ending Balance - June 30, 2024	<u>\$ 138,586</u>	<u>\$ 140,129</u>	<u>\$ 278,715</u>

Unearned revenues at June 30, 2025 and 2024 consist of unexpended grants and unearned underwriting contributions for programs not yet broadcast.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 OTHER INFORMATION

A. Contingencies

Paycheck Protection Program – On February 24, 2021, the Maricopa County Community College District (MCCCD) received a loan from JPMorgan Chase Bank, N.A. in the amount of \$590,000 to fund payroll costs through the Paycheck Protection Program (the PPP Loan). MCCCD applied for and received forgiveness of the loan during the year ended June 30, 2022. The loan balance was reduced to zero and recognized as revenue in FY22.

The U.S. Small Business Administration may review funding eligibility and usage of funds for compliance with program requirements. The amount of liability, if any, from potential noncompliance cannot be determined with certainty however management is of the opinion that any review will not have a material adverse impact on the Stations financial position.

During fiscal year 2025, the Stations relied on the Corporation of Public Broadcasting (CPB) for approximately \$890,000, representing about 9% of total revenues distributed through community service grants. CPB is a private, nonprofit corporation created by Congress to steward the federal government's investment in public broadcasting. The CPB Board of Directors voted on January 5, 2026, to dissolve the organization. The dissolution is a direct result of Congress's rescission of all CPB's federal funding as a result of the Recessions Act of 2025 signed into law July 24, 2025. This development creates a significant financial and operational challenge for the Stations. The cessation of CPB funding is expected to result in a \$890,000 annual revenue shortfall. Management is actively pursuing mitigation strategies, including seeking new funding sources and implementing operational efficiencies to minimize service disruptions. While the entity remains committed to maintaining program quality, certain contractual constraints may limit immediate resource reallocation. The Board and management will continue to monitor developments and communicate progress on mitigation efforts.

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The Stations' discretely presented component unit is comprised of the Friends of Public Radio.

A. Summary of Significant Accounting Policies

1. Nature of Operations

Friends of Public Radio Arizona's (Organization) mission is to assure the future vitality and excellence of the Phoenix community's public radio stations and to broaden public radio support. Funding for the Organization is provided through individual donations and fundraising.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Accounting

The financial statements of Friends of Public Radio Arizona have been prepared on the accrual basis of accounting. The more significant of the Organization's accounting policies are described below.

3. Financial Statement Presentation

The Organization follows accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

4. Restricted Contributions

Support is recognized when received. Support that is restricted by the donor/grantor is reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Support that is perpetually restricted by the donor/grantor is reported as an increase in net assets with donor restrictions.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

5. Special Events

The Organization conducts several special events to raise funds for the benefit of the Phoenix community's public radio. Special event revenue consists of event attendance fees and sales of goods at events. Cost of direct benefits to donors is the cost incurred by the Organization to provide goods and services to donors at the events.

6. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The Organization follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions.

7. Fair Value of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy maximizes the use of observable inputs by requiring that the observable inputs be used when available. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

7. Fair Value of Financial Instruments (Continued)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

8. Functional Allocation of Expenses

Donated services are allocated based on job descriptions and the best estimates of management. Expenses, other than donated services, which are not directly identifiable by program or supporting service, are allocated based on the best estimate of management.

9. Risks and Uncertainties

The Organization invests in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of activities.

B. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2025 and 2024 consisted of a book balance of \$4,873,783 and \$6,808,662, respectively. The bank balances of \$4,869,341 and \$6,834,056, respectively, were each covered in the amounts of \$500,000 by federal depository insurance. The remaining \$4,369,341 and \$6,334,056, respectively, was uninsured and uncollateralized.

C. Fair Value Measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 4.A. – Summary of Significant Accounting Policies.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

C. Fair Value Measurements (Continued)

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30:

	2025			Total
	Level 1	Level 2	Level 3	
Interest in Arizona Community Foundation Investment Pool	\$ -	\$ -	\$ 3,749,998	\$ 3,749,998
Treasury Bills	2,027,553	-	-	2,027,553
Equities	996,042	-	-	996,042
Total	<u>\$ 3,023,595</u>	<u>\$ -</u>	<u>\$ 3,749,998</u>	<u>\$ 6,773,593</u>

	2024			Total
	Level 1	Level 2	Level 3	
Interest in Arizona Community Foundation Investment Pool	\$ -	\$ -	\$ 3,425,257	\$ 3,425,257

The Organization holds assets in an agreement with the Arizona Community Foundation. Under this agreement, the funds will remain at Arizona Community Foundation as board designated endowment funds. The funds are stated at fair value, which was determined based on quoted market prices.

As both the resource provider (the transferor of assets to the Arizona Community Foundation) and as the self-named beneficiary, Friends of Public Radio Arizona recognizes the funds held by the Arizona Community Foundation as community foundation holdings and classifies the funds in long-term assets. The Arizona Community Foundation holds these assets in a board-advised fund with the income and principal available for distribution to the Organization subject to the Organization's board of directors' approval and subject to the Organization advising that the distribution be made in accordance with the provisions of the agreement. The board-designated endowments net assets and activity for the years ended June 30 consisted of the following:

	Board-Designated	
	2025	2024
Board-Designated Endowment Net Assets - Beginning	\$ 3,425,257	\$ 2,996,491
Contributions and Fund Transfers	-	109,814
Interest and Dividends	104,050	58,827
Change in Value in Arizona Community Foundation Investment Pool	<u>220,691</u>	<u>260,125</u>
Board-Designated Endowment Net Assets - Ending	<u>\$ 3,749,998</u>	<u>\$ 3,425,257</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

C. Fair Value Measurements (Continued)

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30:

	2025	2024
	Arizona	Arizona
	Community	Community
	Foundation	Foundation
	Investment	Investment
	Pool	Pool
Purchases	\$ 34,223	\$ 109,814

D. Donated Goods and Services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under accounting principles generally accepted in the United States of America have not been satisfied.

The Organization received \$361,335 and \$367,663 of donated management and fundraising services during the years ended June 30, 2025 and 2024, respectively, from KBAQ and KJZZ that is included in equity transfers/revenues and expenses in the statement of activities. The value of donated services was obtained using the personnel costs from the Organization that provided the services. Additionally, the Organization received proceeds of \$652,089 and \$664,022 from the auction of donated vehicles in 2025 and 2024, respectively.

There were no donated services or goods with donor restrictions received during the years ended June 30, 2025 and 2024, respectively.

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SUPPLEMENTARY INFORMATION

**KJZZ – FM RADIO AND KBAQ – FM RADIO
SUPPLEMENTARY INFORMATION
FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES BY LICENSEE
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>KJZZ</u>	<u>KBAQ</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and Donations	\$ 6,027,905	\$ 2,357,549	\$ 8,385,454
Investment Income, Net	237,934	75,137	313,071
Other Revenue	73,285	286	73,571
Change in Interest in Arizona Community Foundation Investment Pool	167,725	52,966	220,691
Realized/Unrealized Gain on Investments	156,046	49,278	205,324
Special Events Revenue	24,513	24,512	49,025
Less: Cost of Direct Benefit to Donors	<u>(15,740)</u>	<u>(15,739)</u>	<u>(31,479)</u>
Total Revenues and Support	6,671,668	2,543,989	9,215,657
EXPENSES			
Distributions to Public Radio	4,726,185	1,000,000	5,726,185
Public Radio Program Production	270,044	1,550	271,594
Professional Fees	149,778	97,854	247,632
Public Awareness	438,307	70,329	508,636
Membership	207,555	81,344	288,899
Donated Services	274,615	86,720	361,335
Conference, Conventions, and Meetings	7,861	2,367	10,228
Donations Processing and Bank Fees	105,511	30,522	136,033
Depreciation	78,963	23,606	102,569
Other	18,179	3,653	21,832
Special Event	15,739	15,739	31,478
Total	<u>6,292,737</u>	<u>1,413,684</u>	<u>7,706,421</u>
Less: Expenses Netted Against Revenues			
Special Event Expenses	<u>(15,739)</u>	<u>(15,739)</u>	<u>(31,478)</u>
Total Expenses	6,276,998	1,397,945	7,674,943
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	394,670	1,146,044	1,540,714
Equity Transfer - Donated Services from Affiliates	<u>274,615</u>	<u>86,720</u>	<u>361,335</u>
CHANGE IN NET ASSETS	<u>\$ 669,285</u>	<u>\$ 1,232,764</u>	<u>\$ 1,902,049</u>

Note: This statement provides a reconciliation of the allocation of Friends of Public Radio Arizona to KJZZ – FM Radio and KBAQ – FM Radio to the Statement of Activities for Friends of Public Radio Arizona presented in the basic financial statements for the year ended June 30, 2025.



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