

**KLCC-FM RADIO OF
LANE COMMUNITY COLLEGE**

AUDIT REPORT

Years Ended June 30, 2020 and 2019

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KENNETH KUHNS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594
TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S REPORT

February 2, 2021

Board of Education
Lane Community College
Eugene, Oregon

We have audited the accompanying financial statements of KLCC-FM Radio of Lane Community College as of and for the years ended June 30, 2020 and 2019, and KLCC Public Radio Foundation, its discretely presented component unit, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise KLCC-FM Radio of Lane Community College'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 an opinion 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. Those standards require that we plan and perform the audits 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KLCC-FM Radio of Lane Community College as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, and the financial position of KLCC Public Radio Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements of KLCC-FM Radio, the Station's financial statements are intended to present the financial position, changes in financial position and cash flows of only that portion of the financial reporting entity of Lane Community College that is attributable to the transactions of KLCC-FM Radio. They do not purport to, and do not, present fairly the financial position of Lane Community College as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents 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 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.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the radio station's annual financial performance provides an overview of the financial activities of KLCC-FM Radio of Lane Community College (KLCC) for the fiscal year ended June 30, 2020. The discussion is designed to assist the readers in understanding the accompanying financial statements through an objective and easily readable analysis of KLCC's financial activities.

Overview of the Basic Financial Statements

The discussion and analysis serves as an introduction to KLCC's basic entity-wide financial statements. The entity-wide presentation is designed to provide readers with a broad overview of KLCC's finances, in a manner similar to a private sector business. These financial statements focus on KLCC's overall financial condition, its results of operations and its cash flows. The entity-wide statements are comprised of the following:

- The **Statement of Net Position** presents KLCC's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position are indicators of the improvement or erosion of KLCC's financial condition. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.
- The **Statement of Activities** presents the revenues earned and the expenses incurred during the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of the assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. Primary source of operating revenue is underwriting and grants and contracts for specific operating activities of KLCC. Contributions and Lane Community College support are classified as non-operating revenues.
- The **Statement of Cash Flows** presents information on cash flows from operating activities, non-capital financing activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and KLCC's ability to meet financial obligations as they become due.
- The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Financial Highlights

- KLCC finished fiscal year 2020 with a negative \$219.3 thousand change in net position and finished fiscal year 2019 with a positive \$39.8 thousand change in net position.
- KLCC's cash and cash equivalents of \$815.2 thousand at June 30, 2020 were less by 14.3% than the \$951.2 thousand at June 30, 2019 and less by 5.7% than the \$864.9 thousand at June 30, 2018.
- KLCC created a non-profit corporation, the KLCC Community Support Board, in a prior year to assist the station with fundraising including soliciting major gifts and acquiring grants. The foundation changed their name to KLCC Public Radio Foundation. The foundation has been granted tax exempt status from the IRS and is presented as a component unit of KLCC.

Analysis of the Statement of Net Position

The Statement of Net Position includes all assets and liabilities of KLCC using the accrual basis of accounting. Net position is the difference between assets and liabilities. It is an important measure of the financial condition of KLCC.

	June 30,		
	2020	2019	2018
Assets:			
Cash and cash equivalents	\$ 815,244	\$ 951,150	\$ 864,932
Other current assets	-	1,692	-
Capital assets, net of accumulated depreciation	1,287,788	1,336,093	1,381,336
Total Assets	<u>\$2,103,032</u>	<u>\$ 2,288,935</u>	<u>\$ 2,246,268</u>
Liabilities	<u>\$ 74,748</u>	<u>\$ 41,320</u>	<u>\$ 38,496</u>
Net Positions:			
Invested in capital assets	1,287,788	1,336,093	1,381,336
Unrestricted	740,496	911,522	826,436
Total net position	<u>2,028,284</u>	<u>2,247,615</u>	<u>2,207,772</u>
Total liabilities and net position	<u>\$2,103,032</u>	<u>\$ 2,288,935</u>	<u>\$ 2,246,268</u>

At June 30, 2020 KLCC's current assets of \$815.2 thousand was sufficient to cover KLCC's current liabilities of \$74.7 thousand. This represents a current ratio of 10.9. Current assets consist primarily of cash and cash equivalents. Included in noncurrent assets are capital assets (land, buildings, machinery and equipment) net of accumulated depreciation used to provide services.

Current liabilities consist of accounts payable, unearned revenue and compensated absences. Accrued vacation was \$67.5 thousand or 90% of total liabilities in 2020, \$38.3 thousand or 93% of total liabilities in 2019 and \$36.4 thousand or 95% of total liabilities in 2018.

Within Net Position, the "invested in capital assets" amount of \$1.3 million represents the total original cost of all of KLCC's land, buildings, machinery and equipment and infrastructure, less total accumulated depreciation on these assets.

Analysis of the Statement of Activities

The Statement of Activities presents the operating results of KLCC as well as the non-operating revenues and expenses.

	Years Ended June 30,		
	2020	2019	2018
Revenues:			
Underwriting	\$ 476,273	\$ 581,275	\$ 626,614
Grants and contracts	244,108	252,649	270,882
In-kind contributions	38,595	26,287	32,639
Contributions and membership	1,272,519	1,151,332	1,263,743
Lane Community College:			
General appropriation	41,098	121,736	47,482
Donated facilities and administrative support	340,000	356,216	330,587
Interest income	-	-	11,053
Total revenues	<u>2,412,593</u>	<u>2,489,495</u>	<u>2,583,000</u>
Expenses:			
Program services	1,338,743	1,220,675	1,231,687
Supporting services	1,244,876	1,183,734	1,287,186
Depreciation	48,305	45,243	64,223
Total expenses	<u>2,631,924</u>	<u>2,449,652</u>	<u>2,583,096</u>
Change in net position	(219,331)	39,843	(96)
Net position - beginning of year	<u>2,247,615</u>	<u>2,207,772</u>	<u>2,207,868</u>
Net position - end of year	<u>\$ 2,028,284</u>	<u>\$ 2,247,615</u>	<u>\$ 2,207,772</u>

Revenues:

Total operating revenues, which exclude College appropriations, of KLCC for fiscal years 2020, 2019 and 2018 were \$759.0 thousand, \$860.2 thousand and \$930.1 thousand. The primary source of operating revenue was from underwriting.

Non-operating revenues for fiscal year 2020 were \$1.65 million which is a \$24 thousand increase over 2019. Contributions and membership is the largest share at \$1.3 million.

Total 2020 revenues show a decrease of 3.1% over 2019 and a decrease of 6.6% over 2018.

Expenses:

Total expenses of KLCC for the fiscal years were \$2.6 million for 2020, \$2.4 million for 2019 and \$2.6 million for 2018. Program services expenses increased \$118.1 thousand or 9.7% from 2019 and \$107.1 thousand or 8.7% from 2018. Supporting services expenses increased \$61.1 thousand or 5.2% from 2019 and decreased \$42.3 thousand or 3.3% from 2018.

Total 2020 expenses show an increase of 7.4% over 2019 and an increase of 1.9% over 2018.

Analysis of the Statement of Cash Flows

This statement provides an assessment of the financial health of KLCC. Its primary purpose is to provide relevant information about the cash receipts and cash payments of KLCC during a stated period. The statement of cash flows also helps users assess the ability of KLCC to meet obligations as they become due and the need for external financing.

In summary form the cash flows for the years were:

	Years Ended June 30,		
	2020	2019	2018
Cash Provided by (Used In):			
Operating Activities	\$ (1,449,523)	\$ (1,186,850)	\$ (1,282,143)
Noncapital Financing Activities	1,313,617	1,273,068	1,311,225
Capital Financing Activities	-	-	-
Investing Activities	-	-	11,053
Net increase (decrease) in cash	(135,906)	86,218	40,135
Cash - Beginning of year	951,150	864,932	824,797
Cash - End of year	<u>\$ 815,244</u>	<u>\$ 951,150</u>	<u>\$ 864,932</u>

The major sources of cash from operating activities include receipts from underwriting. Major uses were payments made to employees, employee benefit programs and vendors.

Contributions and membership and receipts from Lane Community College are the primary source of non-capital financing. Accounting standards require that KLCC reflect these sources of revenue as non-operating even though KLCC's budget depends on these revenues for ongoing operations.

Requests for Information

This financial report is designed to provide a general overview of KLCC-FM Radio of Lane Community College. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

College Finance
Lane Community College
4000 East 30th Avenue
Eugene, Oregon 97405-0640

BASIC FINANCIAL STATEMENTS

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Statement of Net Position June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 815,244	\$ 951,150
Prepaid expenses	-	1,692
Capital assets, net of accumulated depreciation	<u>1,287,788</u>	<u>1,336,093</u>
Total assets	<u>2,103,032</u>	<u>2,288,935</u>
<u>Liabilities</u>		
Accounts payable	6,461	3,040
Compensated absences	67,516	38,280
Unearned revenue	<u>771</u>	<u>-</u>
Total liabilities	<u>74,748</u>	<u>41,320</u>
<u>Net Position</u>		
Invested in capital assets	1,287,788	1,336,093
Unrestricted	<u>740,496</u>	<u>911,522</u>
Total net position	<u>\$ 2,028,284</u>	<u>\$ 2,247,615</u>

The accompanying notes are an integral part of this statement.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Statement of Activities Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Underwriting	\$ 476,273	\$ 581,275
Corporation for Public Broadcasting grant	244,108	252,649
In-kind contributions	<u>38,595</u>	<u>26,287</u>
Total operating revenues	<u>758,976</u>	<u>860,211</u>
Operating expenses:		
Program services:		
Programming and production	1,017,971	936,920
Broadcasting	291,081	266,372
Program information	<u>29,691</u>	<u>17,383</u>
Total program services	<u>1,338,743</u>	<u>1,220,675</u>
Supporting services:		
Management and general	668,286	578,730
Fund raising and membership development	374,534	391,968
Underwriting and grant solicitation	<u>202,056</u>	<u>213,036</u>
Total supporting services	<u>1,244,876</u>	<u>1,183,734</u>
Depreciation	<u>48,305</u>	<u>45,243</u>
Total operating expenses	<u>2,631,924</u>	<u>2,449,652</u>
Operating loss	<u>(1,872,948)</u>	<u>(1,589,441)</u>
Nonoperating revenues:		
Contributions and memberships	1,272,519	1,151,332
Lane Community College:		
General appropriation	41,098	121,736
Donated facilities and administrative support	<u>340,000</u>	<u>356,216</u>
Total nonoperating revenues	<u>1,653,617</u>	<u>1,629,284</u>
Change in net position	(219,331)	39,843
Net position - beginning of year	<u>2,247,615</u>	<u>2,207,772</u>
Net position - end of year	<u><u>\$ 2,028,284</u></u>	<u><u>\$ 2,247,615</u></u>

The accompanying notes are an integral part of this statement.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Statement of Cash Flows Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from underwriting	\$ 476,273	\$ 581,275
Receipts from grant	244,879	252,649
Payments to employees for services	(1,333,709)	(1,248,262)
Payments to suppliers for goods and services	<u>(836,966)</u>	<u>(772,512)</u>
Net cash used in operating activities	<u>(1,449,523)</u>	<u>(1,186,850)</u>
Cash flows from non-capital financing activities:		
Receipts from contributions and memberships	1,272,519	1,151,332
Receipts from Lane Community College general appropriation	<u>41,098</u>	<u>121,736</u>
Net cash provided by non-capital financing activities	<u>1,313,617</u>	<u>1,273,068</u>
Net increase-(decrease) in cash and cash equivalents	(135,906)	86,218
Cash and cash equivalents - beginning of year	<u>951,150</u>	<u>864,932</u>
Cash and cash equivalents - end of year	<u><u>\$ 815,244</u></u>	<u><u>\$ 951,150</u></u>
Noncash investing, capital and financing activities:		
Donated facilities and administrative support revenue	<u><u>\$ 340,000</u></u>	<u><u>\$ 356,216</u></u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (1,872,948)</u>	<u>\$ (1,589,441)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Donated facilities and administrative support expense	340,000	356,216
Depreciation	48,305	45,243
Decrease-(increase) in prepaid expenses	1,692	(1,692)
Increase-(decrease) in:		
Accounts payable	3,421	944
Compensated absences	29,236	1,880
Unearned revenue	<u>771</u>	<u>-</u>
Total adjustments	<u>423,425</u>	<u>402,591</u>
Net cash used in operating activities	<u><u>\$ (1,449,523)</u></u>	<u><u>\$ (1,186,850)</u></u>

The accompanying notes are an integral part of this statement.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2020 and 2019

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of KLCC-FM Radio of Lane Community College have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Station's accounting policies are described below.

(A) Organization and Operation

KLCC-FM Radio is operated by Lane Community College (the institutional licensee). Lane Community College records the transactions of the Station within the College's financial statements. Because the Station's financial statements present only a selected portion of the activities of Lane Community College, they are not intended to and do not present the financial position, changes in financial position and cash flows of the College as a whole.

(B) Description of the Reporting Entity

The financial statements of KLCC-FM Radio present the Station and its component unit, KLCC Public Radio Foundation, which was organized with the mission of building support for KLCC-FM Radio as a strong and valuable resource for the community. The Foundation is a discretely presented component unit and is reported separately in financial statements following those of the Station.

The Foundation is a legally separate, tax-exempt entity and acts primarily as a fund raising organization to supplement the resources that are available to the Station in support of its programs. The board of directors of the Foundation is self-perpetuating. Although the Station does not control the timing or amount of receipts from the Foundation, the majority of resources that the Foundation holds and invests are restricted to the activities of the Station. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the Station, the Foundation is considered a component unit of the Station and is discretely presented in these financial statements.

The Foundation reports as a not-for-profit organization under Financial Accounting Standards Board (FASB) standards. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the Station's financial reporting entity for these differences.

During the year ended June 30, 2020, the Foundation provided contributions totaling \$100,679 to the Station. During the year ended June 30, 2019, the Foundation provided contributions totaling \$71,287 to the Station. These contributions are included in contributions and memberships revenues in the Station's financial statements and are shown as program services expenses in the Foundation's financial statements.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(C) Measurement Focus and Basis of Accounting

The government-wide financial statements of the Station are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Station's ongoing operations. The principal operating revenues of the Station are underwriting and grants for specific operating activities of the Station. Operating expenses include the cost of program services and support services, and depreciation on capital assets. Other revenues, typically from non-exchange transactions, such as contributions and memberships and the appropriation from Lane Community College, are not generated from operations and are considered nonoperating revenues.

(D) Cash and Cash Equivalents

Cash balances of the Station are pooled in bank accounts maintained by Lane Community College. For purposes of the statement of cash flows, cash and cash equivalents include the Station's portion of the College's pooled accounts. The pooled accounts have the general characteristics of a demand deposit account.

(E) Capital Assets

Capital assets include broadcasting rights and equipment with a useful life greater than one year. The Station's capitalization threshold is \$10,000 for all capital assets. Donated capital assets are recorded at their acquisition value on the date donated. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred.

Capital assets are depreciated using the straight-line method over a 5 to 25 year estimated life.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(F) Unearned Revenue

The Station sometimes has unearned revenue which consists of amounts received from grants in excess of amounts expended.

(G) Compensated Absences

Vacation payable is expected to be paid with future resources and is recorded in the government-wide financial statements as earned by employees.

(H) Indirect Administrative Support

Indirect administrative support consists of allocated support service costs incurred by the College on behalf of the Station. These costs are recorded as revenues and expenditures by the Station at estimated fair values.

(I) Restrictions

When restricted and unrestricted resources are available for use, restricted resources are used first.

(J) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2 - CASH AND INVESTMENTS:

Cash and investments are included in the Lane Community College cash and investments pool. Readers of these financial statements are referred to the College's comprehensive annual financial report for information regarding the extent deposits at the College are collateralized.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements Years Ended June 30, 2020 and 2019

3 - CAPITAL ASSETS:

The following is a summary of changes in the Station's capital assets during the fiscal years:

Year Ended June 30, 2020:	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 320,613	\$ -	\$ -	\$ 320,613
Broadcasting rights	75,000	-	-	75,000
Total capital assets not being depreciated	395,613	-	-	395,613
Capital assets being depreciated:				
Building	1,137,034	-	-	1,137,034
Equipment	688,252	-	-	688,252
Total capital assets being depreciated	1,825,286	-	-	1,825,286
Accumulated depreciation:				
Building	408,099	33,383	-	441,482
Equipment	476,707	14,922	-	491,629
Total accumulated depreciation	884,806	48,305	-	933,111
Total capital assets being depreciated, net	940,480	(48,305)	-	892,175
Net capital assets	\$ 1,336,093	\$ (48,305)	\$ -	\$ 1,287,788
Year Ended June 30, 2019:	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 320,613	\$ -	\$ -	\$ 320,613
Broadcasting rights	75,000	-	-	75,000
Total capital assets not being depreciated	395,613	-	-	395,613
Capital assets being depreciated:				
Building	1,137,034	-	-	1,137,034
Equipment	688,252	-	-	688,252
Total capital assets being depreciated	1,825,286	-	-	1,825,286
Accumulated depreciation:				
Building	374,716	33,383	-	408,099
Equipment	464,847	11,860	-	476,707
Total accumulated depreciation	839,563	45,243	-	884,806
Total capital assets being depreciated, net	985,723	(45,243)	-	940,480
Net capital assets	\$ 1,381,336	\$ (45,243)	\$ -	\$ 1,336,093

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

4 - OPERATING LEASES:

The Station is obligated under noncancelable operating leases for tower facilities and paid \$54,904 in rent during the 2019-20 fiscal year. The following is a schedule of estimated future minimum rental payments:

2020-21	\$ 35,844
2021-22	36,429
2022-23	37,025
2023-24	37,633
2024-25	31,642
2025-30	141,629

KLCC PUBLIC RADIO FOUNDATION
Statements of Financial Position
June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 667,350	\$ 261,383
Investments	10,862	2,558
Accounts receivable	-	1,279
Grants receivable	<u>100,000</u>	<u>29,000</u>
Total assets	<u><u>\$ 778,212</u></u>	<u><u>\$ 294,220</u></u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 144	\$ 5,000
Accrued payroll	806	483
Payroll taxes payable	1,946	841
Loan payable	<u>8,900</u>	<u>-</u>
Total liabilities	<u>11,796</u>	<u>6,324</u>
Net assets:		
Without donor restrictions:		
Undesignated	544,078	156,454
Designated by the Board for specific purposes	<u>37,000</u>	<u>37,000</u>
Total without donor restrictions	581,078	193,454
With donor restrictions	<u>185,338</u>	<u>94,442</u>
Total net assets	<u>766,416</u>	<u>287,896</u>
Total liabilities and net assets	<u><u>\$ 778,212</u></u>	<u><u>\$ 294,220</u></u>

The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions	\$ 501,570	\$ 165,310	\$ 666,880	\$ 189,733	\$ 27,391	\$ 217,124
Fundraising	-	-	-	2,945	-	2,945
Investment earnings	1,853	-	1,853	606	-	606
Net assets released from restrictions for program services	74,414	(74,414)	-	41,965	(41,965)	-
Total revenues and other support	577,837	90,896	668,733	235,249	(14,574)	220,675
Expenses and losses:						
Program services:						
KLCC-FM Radio operations	55,000	-	55,000	55,000	-	55,000
KLCC-FM Radio program professional development	20,000	-	20,000	-	-	-
KLCC-FM Radio equipment	13,673	-	13,673	5,000	-	5,000
Journalism Fellowship Program	47,567	-	47,567	27,011	-	27,011
<i>Resilience and Natural Resources in Oregon</i>	7,135	-	7,135	-	-	-
<i>Borders, Migration and Belonging (Native Voices)</i>	11	-	11	9,954	-	9,954
News and journalism	6,028	-	6,028	4,421	-	4,421
Total program services	149,414	-	149,414	101,386	-	101,386
Supporting services:						
General administration	40,687	-	40,687	18,273	-	18,273
Fundraising	112	-	112	1,264	-	1,264
Total supporting services	40,799	-	40,799	19,537	-	19,537
Total expenses and losses	190,213	-	190,213	120,923	-	120,923
Change in net assets	387,624	90,896	478,520	114,326	(14,574)	99,752
Net assets, beginning of year	193,454	94,442	287,896	79,128	109,016	188,144
Net assets, end of year	<u>\$ 581,078</u>	<u>\$ 185,338</u>	<u>\$ 766,416</u>	<u>\$ 193,454</u>	<u>\$ 94,442</u>	<u>\$ 287,896</u>

The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION
Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2020			2019		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
KLCC-FM Radio operations	\$ 55,000	\$ -	\$ 55,000	\$ 55,000	\$ -	\$ 55,000
KLCC-FM Radio program professional development	20,000	-	20,000	-	-	-
KLCC-FM Radio news and journalism	12,006	-	12,006	11,287	-	11,287
KLCC-FM Radio equipment	13,673	-	13,673	5,000	-	5,000
Salaries and wages	40,380	4,275	44,655	20,960	-	20,960
Payroll taxes	4,029	426	4,455	2,123	-	2,123
Board expenses	-	535	535	-	249	249
Contracted services	868	448	1,316	1,750	-	1,750
Equipment	-	-	-	1,898	-	1,898
Insurance	-	1,735	1,735	268	1,443	1,711
Office supplies and expense	924	1,959	2,883	204	1,592	1,796
Other expense	-	-	-	788	782	1,570
Professional services	-	13,250	13,250	-	13,090	13,090
Transportation and lodging	2,534	-	2,534	2,108	1,117	3,225
Vehicle donation program expenses	-	18,059	18,059	-	-	-
Fundraising	-	112	112	-	1,264	1,264
Totals	<u>\$ 149,414</u>	<u>\$ 40,799</u>	<u>\$ 190,213</u>	<u>\$ 101,386</u>	<u>\$ 19,537</u>	<u>\$ 120,923</u>

The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Revenues collected:		
Contributions	\$ 577,821	\$ 243,089
Fundraising	1,279	5,566
Investment earnings	<u>1,853</u>	<u>606</u>
Total revenues collected	<u>580,953</u>	<u>249,261</u>
Expenses paid:		
Program services	152,842	95,062
Supporting services	<u>22,740</u>	<u>19,537</u>
Total expenses paid	<u>175,582</u>	<u>114,599</u>
Net cash provided by operating activities	405,371	134,662
Cash flows from investing activities:		
Purchases of investments	(8,304)	(2,558)
Cash flows from financing activities:		
Proceeds from loan	<u>8,900</u>	<u>-</u>
Increase in cash and cash equivalents	405,967	132,104
Cash and cash equivalents, beginning of year	<u>261,383</u>	<u>129,279</u>
Cash and cash equivalents, end of year	<u><u>\$ 667,350</u></u>	<u><u>\$ 261,383</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	<u>\$ 478,520</u>	<u>\$ 99,752</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash contributions revenues	(18,059)	-
Noncash contributions expenses	18,059	-
Decrease in accounts receivable	1,279	2,621
Decrease-(increase) in grants receivable	(71,000)	25,965
Increase-(decrease) in accounts payable	(4,856)	5,000
Increase in accrued payroll	323	483
Increase in payroll taxes payable	<u>1,105</u>	<u>841</u>
Total adjustments	<u>(73,149)</u>	<u>34,910</u>
Net cash provided by operating activities	<u><u>\$ 405,371</u></u>	<u><u>\$ 134,662</u></u>

The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION

Notes to Financial Statements Years Ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KLCC Public Radio Foundation (the Foundation) is a not-for-profit corporation which was organized with the mission of building support for KLCC-FM Radio as a strong and valuable resource for the community. The primary functions of KLCC Public Radio Foundation are to fundraise, advocate, and provide community outreach in support of KLCC-FM Radio. The Foundation raises and donates funds to assist the radio station. The primary revenue sources for the Foundation are donor contributions and fundraising activities. The Foundation is governed by a board of directors which is self-perpetuating.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Newly Issued Accounting Pronouncements

Effective July 1, 2019, the Foundation adopted Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and all related amendments using the modified retrospective method. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The modified retrospective method of adoption allows the standard to be applied retrospectively to contracts that were not completed as of July 1, 2019 and any effect resulting from the adoption of the standard recorded as an adjustment to net assets on the date of adoption. The adoption of the standard did not have a significant financial statement impact to the Foundation and thus no adjustment to net assets was required.

Effective July 1, 2019, the Foundation adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard was issued to provide guidance to not-for-profit entities as they adopt Accounting Standard Codification 958-605, *Not-for-Profit Entities - Revenue Recognition* and ASU 2014-09, *Revenue from Contracts with Customers*. The Foundation applies ASU 2018-08 in determining if grants and similar contracts with resource providers should be accounted as contributions or exchange transactions. It is determined that all external resource providers do not receive commensurate value in return. Therefore, the transactions are deemed nonreciprocal and should be accounted as contributions.

KLCC PUBLIC RADIO FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Newly Issued Accounting Pronouncements (Contd)

In addition, the Foundation evaluates whether a contribution is conditional, which affects the timing of the revenue recognized. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions received are accounted for as a liability initially, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes contributions, and therefore no changes to the previously issued financial statements were required on a retrospective basis.

Basis of Financial Statement Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. This includes all donor-restricted contributions whose restrictions are met in the same period as the donation is received.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

KLCC PUBLIC RADIO FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Investment Policy/ Spending Policy

The Foundation is responsible for selecting investments appropriate for objectives and revenue needs based on board values and goals. The Foundation will establish goals for the organization's financial portfolio. The Foundation will enlist the professional assistance of investment organizations to manage its assets when appropriate. These organizations, whether community foundations or individual firms, are to be selected following procedures specified by the Foundation. An investment committee comprised of at least three Foundation members and one member of the community will meet at least annually to review assets and investments and bring recommendations to the board of directors for approval.

Funds from the Foundation will be transferred to KLCC-FM Radio in compliance with laws, Lane Community College policies and the Foundation's bylaws, working agreement and gift agreements. The Foundation will award funds to KLCC-FM Radio based on budgeted expenses and cash flow and upon approval by the Foundation for the allocation of funds for operations, capital improvements, projects and services.

Funds received by the Foundation for KLCC-FM Radio will be distributed to the radio station as prescribed by the funder or as outlined in the application proposals granted to the radio station with written documentation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a checking account, cash in a money market account at a financial institution and cash at an investment firm.

Investments

Investments in mutual funds with readily determinable fair values are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities. Investment income and gains restricted by a donor are reported as increases in donor-restricted net assets until the restrictions are met (either by the passage of time or by use).

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Promises to give which are, in substance, unconditional and grants receivable are recorded as with or without donor restrictions at the time the promise or grant is made.

KLCC PUBLIC RADIO FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Contributions (Contd)

All donor-restricted support is reported as an increase in donor-restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and grants are recognized as support when they are received or unconditionally promised. Grants and other contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

The Foundation receives funding from state and county grants and contracts. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from Oregon excise taxes under applicable state law.

KLCC PUBLIC RADIO FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

2. AVAILABILITY AND LIQUIDITY

Financial assets at June 30, 2020 and 2019 available to meet general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 667,350	\$ 261,383
Investments	10,862	2,558
Accounts receivable	-	1,279
Grants receivable	<u>100,000</u>	<u>29,000</u>
Total financial assets	<u>778,212</u>	<u>294,220</u>
Less amounts not available for general expenditures:		
Liabilities payable from donor-restricted funds	2,896	6,324
Loan payable	8,900	-
Net assets restricted for program services	185,338	94,442
Board designated funds	<u>37,000</u>	<u>37,000</u>
Total amounts not available for general expenditures	<u>234,134</u>	<u>137,766</u>
Financial assets available to meet general expenditures over the next year	<u><u>\$ 544,078</u></u>	<u><u>\$ 156,454</u></u>

The Foundation has certain funds limited to use for program services as well as funds payable from donor-restricted funds, both of which are not available for general use within one year. Additionally, the Foundation has certain board-designated assets limited to use for investing purposes and an operating reserve (see Note 7). Though these assets are limited to use and not available for general expenditure within one year, the amounts could be made available if necessary.

As part of its liquidity management plan, the Foundation invests cash in excess of daily requirements in readily available money market funds.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2020 and 2019:

KLCC PUBLIC RADIO FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

3. CASH AND CASH EQUIVALENTS (Contd)

	<u>2020</u>	<u>2019</u>
Cash in checking account	\$ 156,528	\$ 163,585
Cash in money market account	510,812	90,293
Cash at investment firm	<u>10</u>	<u>7,505</u>
Total cash and cash equivalents	<u>\$ 667,350</u>	<u>\$ 261,383</u>

The Foundation maintains a checking account and a money market account at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Amounts on deposit may sometimes exceed FDIC coverage. At June 30, 2020, the amount shown on deposit by the financial institution was \$672,551 which exceeds FDIC coverage by \$422,551. At June 30, 2019, the amount shown on deposit by the financial institution was \$264,994 which exceeds FDIC coverage by \$14,994. The Foundation also has cash which is FDIC insured at an investment firm.

Investment earnings during the year ended June 30, 2020 consisted of \$1,853 of interest and dividends earned on the Foundation's money market account and investment account. Investment earnings during the year ended June 30, 2019 consisted of \$606 of interest and dividends earned on the Foundation's money market account and investment account.

4. INVESTMENTS

Investments are stated at fair value and consist of an investment in a mutual fund of \$10,862 at June 30, 2020 and \$2,558 at June 30, 2019. The Foundation's investments are subject to market fluctuations which could dramatically affect the fair value of these assets.

The Foundation's investments are reported at fair value using quoted market prices in active markets for identical securities. This measurement is a Level 1 input which is considered to be the most objective standard for fair value measurement.

5. LOAN PAYABLE

The Foundation received an SBA Paycheck Protection Program loan of \$8,900 during the 2019-20 year. The loan is payable in monthly payments of \$501, with interest at 1.00%, beginning December 6, 2020. The loan matures on May 6, 2022. The Federal CARES Act provides that all or a portion of the loan may be eligible for forgiveness if rules and regulations promulgated by the Act are met.

KLCC PUBLIC RADIO FOUNDATION
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019 subject to expenditure for specified purposes:

	<u>2020</u>	<u>2019</u>
Multimedia Expansion Project	\$ 150,000	\$ -
Journalism Fellowship Program	10,422	57,989
News	13,051	18,051
<i>Resilience and Natural Resources in Oregon</i>	1,865	9,000
<i>Borders, Migration and Belonging (Native Voices)</i>	-	11
Rural Equipment Maintenance	10,000	-
Backup Generator (Equipment)	-	8,391
Other	<u>-</u>	<u>1,000</u>
Totals	<u><u>\$ 185,338</u></u>	<u><u>\$ 94,442</u></u>

Multimedia Expansion Project monies are to be expended at \$50,000 per year over the next three years.

During the year ended June 30, 2020, \$74,414 was released from restricted net assets, and during the year ended June 30, 2019, \$41,965 was released from restricted net assets because purpose restrictions were satisfied.

7. BOARD DESIGNATED NET ASSETS

It is the policy of the Board of the Foundation to review its plans for growing and sustaining the mission of the Foundation into the future, as well as ensuring sufficient funds are available to meet all general obligations. The Board designates appropriate sums to assure adequate financing of such plans.

Board designated net assets consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investing	\$ 10,000	\$ 10,000
Operating reserves	<u>27,000</u>	<u>27,000</u>
Totals	<u><u>\$ 37,000</u></u>	<u><u>\$ 37,000</u></u>

KLCC PUBLIC RADIO FOUNDATION

Notes to Financial Statements Years Ended June 30, 2020 and 2019

8. FAIR VALUE MEASUREMENTS

The Foundation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. In accordance with FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to satisfy a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a framework for measuring fair value and a three level hierarchy for fair value measurements based upon observable and unobservable input valuation techniques. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect significant market assumptions including those made by the reporting entity. The three level hierarchy is summarized as follows:

Level 1 - Quoted prices in active markets for identical securities

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 - Significant unobservable inputs (including the reporting entity's own assumptions in determining the fair value of investments)

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amount of the Foundation's investments is based upon quoted market values, a Level 1 input.

9. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events for potential required disclosure through October 30, 2020, which is the date the financial statements were available to be issued.