

BOISE STATE PUBLIC RADIO NETWORK



Fiscal Year 2021

A Public Telecommunications Entity
Operated by Boise State University

Report of Independent Auditors
and Financial Statements for the
Year Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

Idaho Office of the State Board of Education
Boise State Public Radio Network

Report on the Financial Statements

We have audited the accompanying financial statements of Boise State Public Radio Network, a public telecommunications entity operated by Boise State University, which comprises the statement of net position as of June 30, 2021, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Boise State Public Radio Network as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Boise State Public Radio Network present only the financial position, changes in financial position, and cash flows thereof of the Boise State Public Radio. They do not present the financial position of Boise State University (the University) as of June 30, 2021, the changes in financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinion is not modified regarding this matter.

Other Matters

The 2020 financial statements of Boise State Public Radio Network were audited by other auditors whose report dated January 13, 2021, expressed an unmodified opinion on those statements.

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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boise State Public Radio Network's basic financial statements. The accompanying Statements of Revenues, Expenses, and Changes in Net Position by Station (supplementary information) is presented for purposes of additional analysis is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022, on our consideration of Boise State Public Radio Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Boise State Public Radio Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boise State Public Radio Network's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Denver, Colorado
February 11, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

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

Overview of the Financial Statements and Financial Analysis

The financial statements for the fiscal years ended June 30, 2021 and June 30, 2020 are prepared in accordance with Governmental Accounting Standards Board ("GASB"). There are three financial statements presented: the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

Summary Statements of Net Position

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

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

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

Summary Statements of Net Position			
Fiscal Years Ended June 30,			
	2021	2020	2019
ASSETS:			
Current assets	\$ 2,614,555	\$ 1,999,975	\$ 2,213,135
Capital assets, net	1,233,897	1,273,772	1,313,283
Total assets	<u>\$ 3,848,452</u>	<u>\$ 3,273,747</u>	<u>\$ 3,526,418</u>
LIABILITIES:			
Current liabilities	\$ 446,418	\$ 602,786	\$ 646,278
Non-current liabilities	149,117	217,447	281,961
Total liabilities	<u>595,535</u>	<u>820,233</u>	<u>928,239</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to grants	494,626	227,235	219,159
Total deferred inflows of resources	<u>494,626</u>	<u>227,235</u>	<u>219,159</u>
NET POSITION:			
Net investment in capital assets	1,016,450	991,811	970,410
Restricted, expendable	469,927	-	-
Unrestricted	1,271,914	1,234,468	1,408,610
Total net position	<u>2,758,291</u>	<u>2,226,279</u>	<u>2,379,020</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,848,452</u>	<u>\$ 3,273,747</u>	<u>\$ 3,526,418</u>

The Network's total assets increased during fiscal year 2021 by \$574,705 to \$3,848,452. Increases in Cash and cash equivalents, Due from Boise State University Foundation (the "Foundation") and Accounts receivable, net were the primary drivers of the increase.

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

Liabilities decreased by \$224,698 to \$595,535 during fiscal year 2021. The change is primarily related to decreases in the amount owed to reimburse Boise State University for operating expenses, Unearned revenue and Notes payable offset by an increase in Accounts payable and accrued liabilities.

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

Deferred inflows of resources increased \$267,391 to \$494,626 during fiscal year 2021 as compared to an increase of \$8,076 to \$227,235 during fiscal year 2020. The changes relate to fluctuations in community service grants received by the station through the Corporation for Public Broadcasting ("CPB").

Net position increased \$532,012 to \$2,758,291 during fiscal year 2021 as compared to a decrease of \$152,741 to \$2,226,279 during fiscal year 2020. The increase in restricted, expendable net position represents unspent American Rescue Act stabilization funds from the CPB. The station continues to expand programming through private grants, memberships and underwriting revenues.

Summary Statements of Revenues, Expenses and Changes in Net Position

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

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

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

Summary Statements of Revenues, Expenses, and Changes in Net Position			
Fiscal Years Ended June 30,			
	2021	2020	2019
Operating revenues	\$ 1,348,912	\$ 1,543,469	\$ 1,501,040
Operating expenses	4,690,232	5,090,423	4,512,113
Operating loss	(3,341,320)	(3,546,954)	(3,011,073)
Net non-operating revenues	3,873,332	3,394,213	3,257,789
Increase (decrease) in net position	532,012	(152,741)	246,716
Net position - Beginning of year	2,226,279	2,379,020	2,132,304
Net position - End of year	\$ 2,758,291	\$ 2,226,279	\$ 2,379,020

Operating revenues decreased by \$194,557 from \$1,543,469 to \$1,348,912 during fiscal year 2021. A decrease in private grants and contracts revenue and federal work study were the primary drivers.

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

Operating expenses decreased by \$400,191 from \$5,090,423 to \$4,690,232 during fiscal year 2021. The decrease is primarily due to reductions in personnel costs and services expenditures.

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

Net non-operating revenues increased by \$479,119 from \$3,394,213 to \$3,873,332 during fiscal year 2021. This is primarily the result of increases in Gifts and a one-time distribution of American Rescue Act stabilization funds from the CPB offset by a decrease in state appropriations. Net position increased in fiscal year 2021 by \$532,012 as compared to a decrease in net position in fiscal year 2020 of \$152,741.

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

Summary Statements of Cash Flows

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

Summary Statements of Cash Flows Fiscal Years Ended June 30,			
	2021	2020	2019
Cash provided (used) by:			
Operating activities	\$ (2,970,399)	\$ (3,097,059)	\$ (2,724,161)
Non-capital financing activities	3,442,676	3,295,422	2,785,081
Capital and related financing activities	(128,585)	(142,712)	(347,480)
Net change in cash	343,692	55,651	(286,560)
Cash—Beginning of year	281,424	225,773	512,333
Cash—End of year	<u>\$ 625,116</u>	<u>\$ 281,424</u>	<u>\$ 225,773</u>

Net cash used in operating activities decreased by \$126,600 from \$3,097,059 during fiscal year 2020 to \$2,970,399 during fiscal year 2021. Decreases in payments for personnel costs, services and grant revenue were the primary drivers.

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

Cash provided by non-capital financing activities increased by \$147,254 from \$3,295,422 during fiscal year 2020 to \$3,442,676 during fiscal year 2021. The increase is the result of a one-time distribution of stabilization funds from the CPB and increased membership contributions offset by a decrease in state appropriations.

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

Net cash used by capital and related financing activities decreased by \$14,127 from \$142,712 during fiscal year 2020 to \$128,585 during fiscal year 2021.

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

Economic Outlook

State appropriations represented approximately 9% of the Network's total revenue in fiscal year 2021. In fiscal years 2017 through 2020, state appropriations have included an allowance of short-term seed money to develop a daily local news and information show. State appropriations as a portion of total revenue will decrease again in fiscal year 2022 with appropriations \$105,558 less than FY21 representing an adjusted level of annual commitment.

During fiscal year 2018, the Network accepted a grant to lead a collaboration among several public radio entities in the Mountain West to share resources to produce stories and content affecting the region. That grant continued into fiscal year 2021, with grant funding decreasing each year as the joint effort matured. The Network has worked successfully with the other public radio entities involved in the collaboration to continue the alliance following the end of the grant in fiscal year 2021 and seeks another grant round to help support future efforts, potentially in late fiscal year 2022. The maturation and conclusion of these grants will lead to an overall decrease in grant revenues.

Congress passed the American Rescue Plan Act of 2021 (ARPA) as a measure, in part, to provide COVID-19 stabilization funding support for public broadcasting stations to offset increased purchases of technology in order to continue the timely delivery of news and other services and to recognize the ongoing loss of underwriting support as a result of the pandemic. This one-time funding amounted to \$469,927 in stabilization aid for the Network.

Private grants provided 10% and the stabilization funding provided about 9% of total revenue in fiscal year 2021. Growth in fundraising efforts continues through membership and underwriting gifts, which began to rebound late in the current fiscal year. Together, membership and underwriting provided 56% of total Network support in fiscal year 2021, providing the majority of revenue, showing the depth of individual community support. Such funding from audience members is vital. During the pandemic the Network adjusted its normal course of station-related events and stewardship of donors but was still able to engage community members to maintain and at times increase support, as well as encourage non-member listeners to become donor listeners.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND JUNE 30, 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash with Treasurer	\$ 74,973	\$ 73,220
Cash and cash equivalents	550,143	208,204
Accounts receivable, net	186,663	84,094
Prepaid expense	3,493	-
Inventories	12,716	14,551
Due from Boise State University Foundation	1,786,567	1,619,906
Total current assets	<u>2,614,555</u>	<u>1,999,975</u>
NON-CURRENT ASSETS:		
Capital assets, net	1,233,897	1,273,772
Total non-current assets	<u>1,233,897</u>	<u>1,273,772</u>
TOTAL ASSETS	<u><u>\$ 3,848,452</u></u>	<u><u>\$ 3,273,747</u></u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 102,878	\$ 29,799
Accrued salaries and benefits payable	112,201	110,050
Compensated absences payable	151,350	165,175
Unearned revenue	11,659	123,616
Notes payable - current portion	68,330	64,514
Due to Boise State University	-	109,632
Total current liabilities	<u>446,418</u>	<u>602,786</u>
NON-CURRENT LIABILITIES:		
Notes payable	149,117	217,447
Total non-current liabilities	<u>149,117</u>	<u>217,447</u>
TOTAL LIABILITIES	<u>595,535</u>	<u>820,233</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to grants	494,626	227,235
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>494,626</u>	<u>227,235</u>
NET POSITION:		
Net investment in capital assets	1,016,450	991,811
Restricted, expendable	469,927	-
Unrestricted	1,271,914	1,234,468
TOTAL NET POSITION	<u>2,758,291</u>	<u>2,226,279</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u><u>\$ 3,848,452</u></u>	<u><u>\$ 3,273,747</u></u>

See notes to financial statements.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

	2021	2020
OPERATING REVENUES:		
Federal grants and contracts	\$ -	\$ 18,208
CPB funding and other private grants and contracts	541,180	703,297
Indirect administrative support	695,300	698,300
Other	112,432	123,664
Total operating revenues	1,348,912	1,543,469
OPERATING EXPENSES:		
Personnel	2,517,213	2,739,373
Services	913,327	1,032,871
Supplies	286,027	275,416
Insurance, utilities and rent	152,147	167,730
Depreciation and amortization	89,391	95,583
Miscellaneous	732,127	779,450
Total operating expenses	4,690,232	5,090,423
OPERATING LOSS:	(3,341,320)	(3,546,954)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	481,159	508,823
Memberships	2,206,052	1,886,379
Underwriting	691,284	742,124
Gifts	39,354	29,715
Net investment income	111	577
Interest expense	(14,555)	(18,158)
Loss on retirement of capital assets	-	(50)
American rescue plan act	469,927	244,803
Net non-operating revenues	3,873,332	3,394,213
(DECREASE) INCREASE IN NET POSITION	532,012	(152,741)
NET POSITION — Beginning of year	2,226,279	2,379,020
NET POSITION — End of year	\$ 2,758,291	\$ 2,226,279

See notes to financial statements.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 617,867	\$ 857,012
Indirect administrative support	695,300	698,300
Other operating receipts	113,822	126,608
Payments for personnel costs	(2,497,787)	(2,606,733)
Payments for services	(832,113)	(1,005,848)
Payments for supplies	(225,167)	(277,285)
Payments for insurance, utilities and rent	(123,601)	(147,103)
Payments for scholarships	(938)	-
Other operating payments	(717,782)	(742,010)
Net cash used in operating activities	<u>(2,970,399)</u>	<u>(3,097,059)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	481,159	508,823
Gifts	2,961,517	2,766,068
Other Receipts	<u>-</u>	<u>20,531</u>
Net cash provided by non-capital financing activities	<u>3,442,676</u>	<u>3,295,422</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(49,516)	(63,642)
Principal paid on notes payable	(64,514)	(60,912)
Interest paid on notes payable	<u>(14,555)</u>	<u>(18,158)</u>
Net cash used in capital and related financing activities	<u>(128,585)</u>	<u>(142,712)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND CASH WITH TREASURER	<u>343,692</u>	<u>55,651</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - BEGINNING OF THE YEAR	<u>281,424</u>	<u>225,773</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - END OF THE YEAR	<u><u>\$ 625,116</u></u>	<u><u>\$ 281,424</u></u>

See notes to financial statements.

BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS (continued)
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (3,341,320)	\$ (3,546,954)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation expense/amortization of intangible	89,391	95,583
CHANGES IN ASSETS, LIABILITIES AND DEFERRED INFLOWS:		
Receivables - operating - net	(73,040)	64,754
Due from Boise State University Foundation	248,405	312,958
Prepaid expense	(3,493)	6,150
Accounts payable & accrued liabilities	73,079	(4,576)
Accrued salaries & benefits payable	2,151	27,186
Compensated absences	(13,825)	41,952
Due to Boise State University	(109,632)	(166,837)
Deferred inflows	267,391	8,076
Unearned revenue	(109,506)	64,649
Net cash used in operating activities	<u>\$ (2,970,399)</u>	<u>\$ (3,097,059)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Indirect administrative support from Boise State University	\$ 695,300	\$ 698,300
Gifts, donated services, trade and sponsorships	52,655	115,096
Total non-cash transactions	<u>\$ 747,955</u>	<u>\$ 813,396</u>

See notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements for fiscal years ended June 30, 2021 and June 30, 2020 are prepared in accordance with Governmental Accounting Standards Board (“GASB”). The Network is not a separate legal entity. Rather it is a department of the University and these departmental financial statements are presented for the purpose of reporting to the Corporation for Public Broadcasting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted, Expendable – Restricted, expendable net position includes resources in which the Network is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. The Network had \$469,927 and \$0 in restricted, expendable net assets as of June 30, 2021 and 2020 respectively.

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

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

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

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

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

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

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

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

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

Reclassifications – Certain items reported in the 2020 financial statements have been reclassified to conform to the current 2021 financial statement presentation. Such reclassifications had no effect on the previously reported change in net position.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30:

Accounts Receivable	2021	2020
Unbilled charges	\$ 85,393	\$ 3,163
Underwriting	110,608	79,574
Pledges receivable	9,134	10,639
Total accounts receivable	205,135	93,376
Less: Allowance for doubtful receivables	(18,472)	(9,282)
Total accounts receivable, net	\$ 186,663	\$ 84,094

3. UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

Unearned Revenue	2021	2020
Underwriting	\$ 11,659	\$ 14,110
Federal, state and private grants and contracts	-	109,506
Total unearned revenue	\$ 11,659	\$ 123,616

4. CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2021:

	2021				
	Balance June 30, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets:					
Buildings and improvements	\$ 1,075,395	\$ -	\$ -	\$ -	\$ 1,075,395
Furniture and equipment	2,262,976	49,515	-	-	2,312,491
Intangibles	469,199	-	-	-	469,199
Total other capital assets	3,807,570	49,515	-	-	3,857,085
Less accumulated depreciation:					
Buildings and improvements	(190,233)	(28,081)	-	-	(218,314)
Furniture and equipment	(1,874,366)	(61,309)	-	-	(1,935,675)
Intangibles	(469,199)	-	-	-	(469,199)
Total accumulated depreciation	(2,533,798)	(89,390)	-	-	(2,623,188)
Other capital assets, net	\$ 1,273,772	\$ (39,875)	\$ -	\$ -	\$ 1,233,897
Capital assets summary:					
Capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets at cost	3,807,570	49,515	-	-	3,857,085
Total cost of capital assets	3,807,570	49,515	-	-	3,857,085
Less accumulated depreciation	(2,533,798)	(89,390)	-	-	(2,623,188)
Capital assets, net	\$ 1,273,772	\$ (39,875)	\$ -	\$ -	\$ 1,233,897

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

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

5. NOTES PAYABLE

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

Notes Payable – Outstanding:

Notes Payable	June 30, 2021					
	Original Face Value	Terms	Interest Rate	Maturity Date	Outstanding Balance 2021	Outstanding Balance 2020
Boise State University note payable	\$ 600,000	10 years	5.76%	2024	\$ 217,447	\$ 281,961
Total notes payable					<u>\$ 217,447</u>	<u>\$ 281,961</u>

Notes Payable – Principal and interest maturities:

Notes Payable Principal and Interest As of June 30, 2021				
	Principal	Interest	Total	
2022	\$ 68,330	\$ 10,740	\$	79,070
2023	72,371	6,699		79,070
2024	76,652	2,418		79,070
2025	94	-		94
Total	<u>\$ 217,447</u>	<u>\$ 19,857</u>	<u>\$</u>	<u>237,304</u>

Notes Payable – Roll forward:

Notes Payable Roll Forward As of June 30, 2021				
	Ending Balance June 30, 2020	Reductions	Ending Balance June 30, 2021	Amounts due within one year
Notes payable	\$ 281,961	\$ (64,514)	\$ 217,447	\$ 68,330

Notes Payable Roll Forward As of June 30, 2020				
	Ending Balance June 30, 2019	Reductions	Ending Balance June 30, 2020	Amounts due within one year
Notes payable	\$ 342,876	\$ (60,915)	\$ 281,961	\$ 64,514

6. DEFERRED INFLOWS OF RESOURCES

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

Deferred Inflows	2021	2020
Deferred inflows related to grants	\$ 494,626	\$ 227,235
Total Deferred inflows of resources	\$ 494,626	\$ 227,235

7. RELATED PARTY

The Boise State University Foundation, Inc. (the “Foundation”) was established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of Boise State University, which includes the Network. The Network paid to the Foundation \$42,289 and \$37,689 in fiscal years 2021 and 2020, respectively for payments made by the Foundation on behalf of the Network. These amounts are included in operating expenses. The Foundation owed the Network \$1,786,567 and \$1,619,906 for Network membership contributions collected and held by the Foundation as of June 30, 2021 and 2020, respectively.

The Network incurred \$0 and \$109,632 in operating expenses in fiscal years 2021 and 2020, respectively that were not reimbursed to Boise State University. These amounts are included in due to Boise State University and operating expenses.

The Network recorded \$695,300 and \$698,300 in indirect administrative support in operating revenue and a corresponding offset in operating expenses in fiscal years 2021 and 2020, respectively. Indirect administrative support represents the value of services Boise State University (the “institutional licensee”) provides to the Network for facilities and administrative costs (F&A) and occupancy value.

8. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Pension Benefits

The Station's employees are Boise State University (University) employees and are covered, through the University, by the Public Employee Retirement System of Idaho (PERSI), which is a state of Idaho public employees' retirement system. The University does not maintain the accounting records, hold the investments for or administer the PERSI.

The University contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

The University records a liability that represents its proportionate share of its participation in the PERSI Base Plan, referred to as the Net Pension Liability. As of June 30, 2021 and 2020, the Net Pension Liability recorded by the University was \$20.3 million and \$10.0 million, respectively. This liability is not allocated down to the department level; thus, the Network does not report such liability.

A summary of information regarding the Base Plan is below. More information can be found in both the University's financial statements. In addition, PERSI issues a publicly available financial report. That report may be obtained on the PERSI website at www.persi.idaho.gov.

- ***Pension Benefits***
 - The Base Plan provides retirement, disability and death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2% of the average monthly salary for the highest consecutive 42 months.
 - The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more.
- ***Member and Employer Contributions***
 - Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation.
 - Contribution rates are determined by the PERSI Board within limitations as defined by state law.
 - The contribution rates for employees are set by state statute at 60% of the employer rate.
 - As of June 30, 2020 (measurement date of the Net Pension liability), the employee rate was 7.16 % of annual pay. The employer contribution rate is set by the Retirement Board and was 11.94% of covered compensation.

- The University contributions, including for those Network employees, were \$3,605,855 and \$3,724,444 for the years ended June 30, 2021 and 2020, respectively.

Other Postemployment Benefits (OPEB)

Similar to pension benefits, Idaho state agencies are also required to contribute to postemployment benefits (OPEB) for healthcare, disability and life insurance for retired or disabled employees. The Department of Administration (DAS) administers OPEB for the following:

- Healthcare
- Disability
- Retiree Life Insurance.

In addition, PERSI administers the Sick Leave Insurance Reserve fund. Descriptions of the benefits and required contributions are described below.

Similar to the pension benefits, the University records (assets) liabilities that represents its proportionate share of its participation in these plans. These (assets) liabilities are not allocated down to the department level; thus, the Network does not report such (assets) liability. As of June 30, 2021 and 2020, the OPEB-related (assets)/liabilities recorded by the University were:

- DAS Retiree Healthcare Plan: \$2.2 million and \$2.2 million, respectively
- DAS Long-Term Disability Plan: \$138 thousand and \$168 thousand, respectively
- DAS Retiree Life Plan: \$29.3 million and \$23.8 million, respectively
- PERSI Sick Leave Insurance Reserve Trust: (\$21.8) million and (\$18.8) million, respectively

OPEB Plans Administered by DAS

Details of the plans can be found in the Annual Comprehensive Report of the State of Idaho, which may be obtained from the Office of the Idaho State Controller, 700 West State Street, 4th Floor, P.O. Box 83720, Boise, ID 83720-0011, www.sco.idaho.gov. A brief summary of plan descriptions and funding policies are as follows:

- ***Retiree Healthcare Plan*** – A retired officer or employee of the university who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. The employee must be receiving monthly PERSI benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009 and must retire directly from state service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the employer and active employee plan. The benefit is at least \$1,860 per retiree per year. Employers were charged \$11.60 per active employee per month towards the retiree premium cost.
- ***Long-Term Disability Plan*** – Disabled employees are defined by the Plan and definitions can be obtained in the University's financial statements. Once deemed disabled, the waiting period of the longest of 26 continuous weeks of total disability or exhaustion of accrued sick leave must be met. For up to 30 months following the date of disability an employee may continue

healthcare coverage under this plan. Each employer pays 100% of the employer's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled.

The plan provides Long-Term Disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60% of monthly pre-disability salary or \$4,000, whichever is less. The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The employer pays 100% of the premiums. This portion of the basic life insurance and dependent life coverage is not included in the actuarial estimate as this is considered an insured benefit.

- **Retiree Life Insurance Plan** – Boise State University provides basic life insurance to certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age at retirement and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100% of their annual salary at retirement.

OPEB Plan Administered by PERSI

- ***Sick Leave Insurance Reserve Trust Funds***

Plan Description – The PERSI administers the Sick Leave Insurance Reserve Fund (SLIRF), cost sharing, multiple-employer defined benefit OPEB plan that provides payments of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The SLIRF is classified as a trust fund.

The PERSI issues a publicly available financial report that includes financial statements and required supplementary information, which can be found at www.persi.idaho.gov.

All state government employers are statutorily required to contribute to a sick leave account administered by the PERSI. Employer's contributions are a percentage of payroll collected each pay cycle and are held in trust for future benefits. The state is responsible for any unfunded benefit obligations through contribution rate adjustments.

University employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program. Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement. The rate for University contributions was 0.65% of covered salary at June 30, 2021 and at June 30, 2020. Contribution percentages are based on the number of days of paid sick leave earned during the contract year. University contributions required and paid were \$0 and \$694 thousand for the fiscal years ended June 30, 2021 and June 30, 2020, respectively.

SUPPLEMENTARY INFORMATION:

BOISE STATE PUBLIC RADIO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY STATION
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

	KBSU		KBSW		TOTAL	
	2021	2020	2021	2020	2021	2020
OPERATING REVENUES:						
Federal grants and contracts	\$ -	\$ 5,826	\$ -	\$ 12,382	\$ -	\$ 18,208
Private grants and contracts	173,178	225,055	368,002	478,242	541,180	703,297
Indirect administrative support	221,400	222,100	473,900	476,200	695,300	698,300
Other	35,977	39,570	76,455	84,094	112,432	123,664
Total Operating Revenues:	430,555	492,551	918,357	1,050,918	1,348,912	1,543,469
OPERATING EXPENSES:						
Personnel	806,976	876,600	1,710,237	1,862,773	2,517,213	2,739,373
Services	291,603	330,519	621,724	702,352	913,327	1,032,871
Supplies	91,395	88,133	194,632	187,283	286,027	275,416
Insurance, utilities, and rent	48,768	53,673	103,379	114,057	152,147	167,730
Depreciation and amortization	28,657	30,587	60,734	64,996	89,391	95,583
Miscellaneous	234,707	249,424	497,420	530,026	732,127	779,450
Total Operating Expenses	1,502,106	1,628,936	3,188,126	3,461,487	4,690,232	5,090,423
OPERATING LOSS:	(1,071,551)	(1,136,385)	(2,269,769)	(2,410,569)	(3,341,320)	(3,546,954)
NON-OPERATING REVENUES (EXPENSES):						
State appropriations	153,971	162,823	327,188	346,000	481,159	508,823
Gifts, Contributions and Underwriting	881,825	716,506	2,054,865	1,941,712	2,936,690	2,658,218
Net Investment Income	35	185	76	392	111	577
Interest Expense	(4,666)	(5,811)	(9,889)	(12,347)	(14,555)	(18,158)
Loss on retirement of capital asset	-	-	-	(50)	-	(50)
Other	213,778	118,706	256,149	126,097	469,927	244,803
Net Non-Operating Revenues	1,244,943	992,409	2,628,389	2,401,804	3,873,332	3,394,213
INCREASE IN NET POSITION	173,392	(143,976)	358,620	(8,765)	532,012	(152,741)
NET POSITION - BEGINNING OF YEAR	398,672	542,648	1,827,607	1,836,372	2,226,279	2,379,020
NET POSITION - END OF YEAR	\$ 572,064	\$ 398,672	\$ 2,186,227	\$ 1,827,607	\$ 2,758,291	\$ 2,226,279



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boise State Public Radio Network, a public telecommunications entity operated by Boise State University, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Boise State Public Radio Network's basic financial statements, and have issued our report thereon dated February 11, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2021-01 that we consider to be a significant deficiency.

Boise State Public Radio Network's Response to Findings

Boise State Public Radio Network's response to the finding identified in our audit is described in the accompanying schedule of findings. Boise State Public Radio Network's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
February 11, 2022

**BOISE STATE PUBLIC RADIO NETWORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

Financial Statement Findings

2021-001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Reconciliations were not being performed between the contribution revenue recorded on the general ledger and contribution revenue system, Raiser's Edge.

Criteria or specific requirement: Contributions and memberships are an important element to the Network's operations. The Network utilizes a fundraising and donor management tool, Raiser's Edge, in order to track, monitor, and collect contributions. In order to ensure contributions are properly being recorded within the general ledger, a basic internal control over contribution accounting is to reconcile such systems as Raiser's Edge to the general ledger.

Context: During our testing over contribution revenue, we originally observed that the amount recorded within Raiser's Edge did not reconcile to the general ledger. Upon further investigation, we observed that the reason for this outage was due to the fact that there had not been a periodic (monthly/quarterly) or annual reconciliation between the general ledger and Raiser's Edge by the Network.

Effect: As a result of our inquiry regarding the difference between the general ledger and Raiser's Edge, management was ultimately able to resolve the difference and adjust the trial balance to correct the error. Yet, the risk of misstatement of Contribution Revenues in the general ledger is higher when such reconciliations are not being performed on a regular basis.

Cause: Due to turnover at the Network, the reconciliations went unperformed.

Repeat Finding: This is not a repeat finding.

Recommendation: Reconciliations should be performed monthly between the general ledger and Raiser's Edge. Such reconciliations should be reviewed by someone other than the preparer who is familiar with accounting and control practices.

Views of responsible officials: There is no disagreement with this audit finding.