



Financial Statements  
June 30, 2022 and 2021

## **KALW-FM Radio**

A Public Telecommunications Entity  
Operated by KALW Public Media, Inc.

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## Independent Auditor's Report

To the Board of Directors  
KALW Public Media, Inc. and KALW-FM Radio  
San Francisco, California

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of KALW-FM Radio, a public telecommunications entity operated by KALW Public Media, Inc. (the station), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of KALW Public Media, Inc. as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KALW Public Media, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, Utah Youth Village, Inc. has adopted Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities (Topic 958) for Contributed Nonfinancial Assets*, on a retrospective basis. Our opinion is not modified with respect to this matter.

### ***Correction of Error***

As discussed in Note 10 to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts payables and expense as of June 30, 2021, were discovered by management of the station during the current year. Accordingly, amounts reported for accounts payable and expenses have been restated in the 2021 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2021, to correct the error. Our opinion is not modified with respect to that matter.

### ***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KALW Public Media, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KALW Public Media, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KALW Public Media, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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

Salt Lake City, Utah

January 13, 2023

KALW-FM Radio  
Statements of Financial Position  
June 30, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 477,342	\$ 434,875
Grants and contributions receivable	827,025	747,654
Prepaid expenses and deposits	<u>16,002</u>	<u>2,934</u>
Total current assets	1,320,369	1,185,463
Property and Equipment, Net	<u>78,105</u>	<u>27,954</u>
	<u><u>\$ 1,398,474</u></u>	<u><u>\$ 1,213,417</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,015,501	\$ 408,774
Accrued expenses	<u>81,606</u>	<u>204,397</u>
Total current liabilities	<u>1,097,107</u>	<u>613,171</u>
Net Assets		
Net assets without donor restrictions	(413,393)	(46,448)
Net assets with donor restrictions	<u>714,760</u>	<u>646,694</u>
Total net assets	<u>301,367</u>	<u>600,246</u>
	<u><u>\$ 1,398,474</u></u>	<u><u>\$ 1,213,417</u></u>

KALW-FM Radio  
Statements of Activities  
Years Ended June 30, 2022 and 2021

	2022	As Restated 2021
Net Assets without Donor Restrictions		
Public support and revenue		
Grants and contributions	\$ 2,454,387	\$ 3,020,375
Underwriting revenue	32,237	30,872
In-kind contributions	482,641	377,955
Events and other income	2,363	3,350
Net assets released from restrictions	530,894	231,557
	<u>3,502,522</u>	<u>3,664,109</u>
Total public support and revenue		
Expenses		
Program services		
Broadcasting	87,259	106,878
Programming	3,034,849	2,907,757
	<u>3,122,108</u>	<u>3,014,635</u>
Total program services		
Supporting services		
Management and general	460,534	316,729
Membership	365,967	356,572
Underwriting and grant solicitation	37,720	84,129
	<u>3,986,329</u>	<u>3,772,065</u>
Total expenses		
Change in Net Assets without Donor Restrictions	<u>(483,807)</u>	<u>(107,956)</u>
Net Assets with Donor Restrictions		
Grants and contributions	598,960	630,194
Net assets released from restrictions	(530,894)	(231,557)
	<u>68,066</u>	<u>398,637</u>
Change in Net Assets with Donor Restrictions		
Services Received From an Affiliate	116,862	60,980
Change in Net Assets	(415,741)	290,681
Net Assets, Beginning of Year	600,246	248,585
Net Assets, End of Year	<u>\$ 301,367</u>	<u>\$ 600,246</u>

KALW-FM Radio  
Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services			Support Services			
	Broadcasting	Programming	Total	Management and General	Membership	Underwriting and Grant Solicitation	Total
Salaries and employee benefits	\$ -	\$ 802,512	\$ 802,512	\$ 67,871	\$ 114,877	\$ 37,502	\$ 1,022,762
Program acquisition	-	492,634	492,634	-	-	-	492,634
Office and other supplies	2,056	29,791	31,847	30,736	1,407	-	63,990
Donated transmitter site	45,000	-	45,000	-	-	-	45,000
Occupancy expense	-	218,358	218,358	136,759	136,759	-	491,876
Administrative & other in-kind	-	-	-	62,627	-	-	62,627
Contracted services	40,203	1,417,525	1,457,728	116,188	312	-	1,574,228
Marketing and membership	-	-	-	3,000	77,972	-	80,972
Bank and credit card fees	-	-	-	2,665	34,640	218	37,523
Telecommunications	-	21,178	21,178	20,372	-	-	41,550
Repairs and maintenance	-	5,170	5,170	3,637	-	-	8,807
Depreciation expense	-	15,517	15,517	-	-	-	15,517
Travel and conferences	-	32,164	32,164	2,605	-	-	34,769
Insurance	-	-	-	14,074	-	-	14,074
Total functional expenses	<u>\$ 87,259</u>	<u>\$ 3,034,849</u>	<u>\$ 3,122,108</u>	<u>\$ 460,534</u>	<u>\$ 365,967</u>	<u>\$ 37,720</u>	<u>\$ 3,986,329</u>



KALW-FM Radio  
Statement of Functional Expenses – As Restated  
Year Ended June 30, 2021

	Program Services			Supporting Services			
	Programming and Production	Engineering and Broadcasting	Total	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Salaries and employee benefits	\$ -	\$ 734,440	\$ 734,440	\$ 67,413	\$ 80,297	\$ 39,699	\$ 921,849
Program acquisition	-	529,715	529,715	-	-	-	529,715
Office and other supplies	-	134,485	134,485	11,220	15,969	1,283	162,957
Donated transmitter site	30,000	-	30,000	-	-	-	30,000
Occupancy expense	-	100,577	100,577	65,000	65,000	-	230,577
Administrative & other in-kind	-	38,288	38,288	119,423	22,224	-	179,935
Contracted services	67,405	1,305,137	1,372,542	39,292	102,443	24,747	1,539,024
Marketing and membership	-	-	-	-	28,517	18,400	46,917
Bank and credit card fees	-	-	-	385	41,852	-	42,237
Telecommunications	7,358	34,724	42,082	3,597	-	-	45,679
Repairs and maintenance	2,115	14,694	16,809	962	-	-	17,771
Depreciation expense	-	15,339	15,339	-	-	-	15,339
Travel and conferences	-	358	358	290	270	-	918
Insurance	-	-	-	9,147	-	-	9,147
Total functional expenses	<u>\$ 106,878</u>	<u>\$ 2,907,757</u>	<u>\$ 3,014,635</u>	<u>\$ 316,729</u>	<u>\$ 356,572</u>	<u>\$ 84,129</u>	<u>\$ 3,772,065</u>

KALW-FM Radio  
Statements of Cash Flows  
Year Ended June 30, 2022

	2022	As Restated 2021
Operating Activities		
Change in net assets	\$ (415,741)	\$ 290,681
Services received from an affiliate	116,862	60,980
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	15,517	15,339
Changes in operating assets and liabilities		
Grants and contributions receivable	(79,371)	(532,635)
Prepaid expenses and deposits	(13,068)	(2,934)
Accounts payable	606,727	313,547
Accrued expenses	(122,791)	195,847
Net Cash from Operating Activities	<u>108,135</u>	<u>340,825</u>
Investing Activities		
Purchase of property and equipment	<u>(65,668)</u>	<u>(13,806)</u>
Net Cash used for Investing Activities	<u>(65,668)</u>	<u>(13,806)</u>
Net Change in Cash and Cash Equivalents	42,467	327,019
Cash and Cash Equivalents, Beginning of Year	<u>434,875</u>	<u>107,856</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 477,342</u></u>	<u><u>\$ 434,875</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

### **Organization**

KALW-FM Radio (the Station) is a National Public Radio member station operated by KALW Public Media, Inc. (KPM), previously operated by the licensee, San Francisco Unified School District (SFUSD). KALW Public Media, Inc. (KPM) was organized as a California nonprofit corporation in 2019 and is subject to the laws and regulations of the State of California. SFUSD entered into a public service agreement with KPM effective December 4, 2020. KPM began operating the Station on behalf of the licensee through December 3, 2028, with an automatic eight-year renewal period, unless notice of non-renewal is provided by either party. The financial statements represent the operations of the Station. While KPM operates the Station, SFUSD still holds the FCC license and certain broadcast equipment.

KPM has accounted for the transfer of the operations of the Station as a transaction between entities under common control. Accordingly, the assets and liabilities assumed by KPM in the transfer of operations to KPM from SFUSD are accounted for at their book values at the date of the transfer and the activities and results of operations are presented for the entire year of operation of the Station and do not represent the activities and results of operations of KPM.

### **Cash and Cash Equivalents**

The Station considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

### **Grants and Contributions Receivable**

Grants and contributions receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable amounts based on historical experiences, an assessment of economic conditions, and a review of subsequent collections. Uncollectable amounts are written off when deemed uncollectable. At June 30, 2022 and 2021, the Station did not consider an allowance for uncollectable accounts to be required and did not record an allowance.

### **Property and Equipment**

The Station records property and equipment additions over \$1,000 at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Station reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Station reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## **Revenue and Revenue Recognition**

### *Grants and Contributions*

The Station recognizes contribution revenue when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Station's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2022 and 2021, conditional contributions approximating \$31,167 and \$231,044, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

### *Underwriting Revenue*

For performance obligations related to underwriting revenue, revenue is recognized over time. The Station uses the output method to recognize revenue over time. The output method consists of the percentage of broadcasting spots aired to date to the total number of contractual ad spots. This method is used because management considers ad spots to be the best available measure of progress on the contracts.

### **Donated Space and Professional Services and In-Kind Contributions**

In-kind contributions include donated professional services, donated space, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 6). The Station does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to the Station's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. The Station records donated space and professional services at the respective fair values of the space and services received.

### **Services Received From Personnel of an Affiliate**

Employees of an affiliated organization contribute significant amounts of time to the Station's general and administrative services. These services are considered services received from personnel of an affiliate and are recorded as net asset transfers and expenses in the statements of activities and administrative & other in-kind on the statements of functional expenses.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include annual rent expense, which is allocated on a square footage basis, as well as salaries and employee benefits, office and other supplies, administrative support and other in-kind, contracted services, telecommunications, repairs and maintenance, and travel and conferences, which are allocated on the basis of estimates of time and effort.

### **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

### **Income Taxes**

KPM is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction, and has been determined not to be a private foundation. KPM is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, KPM is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. KPM has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Station believes that it has appropriate support for any tax positions taken affecting annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Station would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Change in Accounting Principles**

As of July 1, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

### **Recent Accounting Guidance**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies, which are adopted by the Station as of the specified effective date.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires an entity to recognize long-term lease arrangements as assets and liabilities on the balance sheet of the lessee. Under ASU 2016-02, a right-of-use asset and lease obligation will be recorded for all long-term leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. The amendments also require certain new quantitative and qualitative disclosures regarding leasing arrangements. ASU 2016-02 will be effective for the Station beginning on July 1, 2022. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Station has not yet determined what effect this standard will have on its results of operations.

### **Subsequent Events**

The Station has evaluated subsequent events through January 13, 2023, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 477,342	\$ 434,875
Grants and contributions receivable	<u>827,025</u>	<u>747,654</u>
	1,304,367	1,182,529
Less amounts restricted		
for specific purposes by donors	(584,760)	(451,694)
receivables due beyond one year	<u>(65,000)</u>	<u>(130,000)</u>
	<u><u>\$ 654,607</u></u>	<u><u>\$ 600,835</u></u>

From time to time, as part of a liquidity management plan, excess cash is invested in interest-bearing savings accounts. Occasionally, the Board of Directors designates a portion of any operating surplus to its operating reserve.

**Note 3 - Grants and Contributions Receivable**

Grants and contributions receivable are estimated to be collected as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 762,025	\$ 617,654
In one to five years	<u>65,000</u>	<u>130,000</u>
	<u><u>\$ 827,025</u></u>	<u><u>\$ 747,654</u></u>

**Note 4 - Property and Equipment**

Property and equipment consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 479,749	\$ 414,081
Less accumulated depreciation	<u>(401,644)</u>	<u>(386,127)</u>
	<u>\$ 78,105</u>	<u>\$ 27,954</u>

**Note 5 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose		
Audio content	\$ 39,100	15,000
Grants and contributions receivable, the proceeds from which have been restricted by donors for Audio content	<u>545,660</u>	<u>436,694</u>
	584,760	451,694
Subject to Passage of Time		
Grants and contributions receivable that are not restricted by donors but which are unavailable for expenditure until due	<u>130,000</u>	<u>195,000</u>
	<u>\$ 714,760</u>	<u>\$ 646,694</u>



**Note 6 - Donated Space and Professional Services**

The Station received donated space and professional services as follows during the years ended June 30, 2022 and 2021:

June 30, 2022

	Program Services	Management and General	Fundraising	Total
Donated transmitter site	\$ 45,000	\$ -	\$ -	\$ 45,000
Occupancy expenses	218,358	40,340	136,759	395,457
Administrative & other in-kind	-	42,184	-	42,184
Total in-kind	263,358	82,524	136,759	482,641
Services rendered by an affiliate	-	116,862	-	116,862
	<u>\$ 263,358</u>	<u>\$ 199,386</u>	<u>\$ 136,759</u>	<u>\$ 599,503</u>

June 30, 2021

	Program Services	Management and General	Fundraising	Total
Donated transmitter site	\$ 30,000	\$ -	\$ -	\$ 30,000
Occupancy expenses	99,000	65,000	65,000	229,000
Administrative & other in-kind	38,288	58,449	22,218	118,955
Total in-kind	167,288	123,449	87,218	377,955
Services rendered by an affiliate	-	60,980	-	60,980
	<u>\$ 167,288</u>	<u>\$ 184,429</u>	<u>\$ 87,218</u>	<u>\$ 438,935</u>

Other in-kind services include donated legal services rendered by a member of the Board of Directors. Contributed legal services are provided by attorneys who advise the Station on various administrative legal matters. Contributed legal services are used for management and general activities and are recognized at fair value based on current rates for similar legal services. For the years ended June 30, 2022 and 2021, related party revenue and expenses from donated legal services totaled \$0 and \$31,500, respectively.

The Station's office and studio space, as well as the usage of the SFUSD radio transmitter, is being provided for an indefinite period of time by SFUSD. The fair value the office and studio space, as well as the SFUSD radio transmitter are based on market rates of similar space in the surrounding area. The estimated value of the space and transmitter usage for the years ended June 30, 2022 and 2021, was \$440,457 and \$225,000, respectively.

## **Note 7 - Employee Benefit Plans**

Prior to the Public Service Operating Agreement, effective December 4, 2020, all permanent employees of the Station were eligible to participate in the employee retirement systems offered by SFUSD. Plan types vary based on employee's status and eligibility. For the years ended June 30, 2022 and 2021, employer-paid contributions to the plan totaled \$0 and \$63,803.

Effective June 27, 2022, the Station established a defined contribution covering substantially all employees of the Station under Section 401(k) of the Internal Revenue Code. The plan provides that employees who have attained the age of 18, upon their first full pay period, are able to contribute up to the maximum contribution allowed by the IRS. The plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the plan with a contribution rate of 6% unless they affirmatively elect not to participate in the plan. Employer discretionary contributions and profit sharing contribution provisions are included in the plan and are determined by the Board of Directors on an annual basis and were 2% for the year ended June 30, 2022. For the year ended June 30, 2022, employer-paid contributions to the plan totaled \$428.

## **Note 8 - Related Party Transactions**

The Station received donated professional services from a board member as discussed in Note 6.

The Station receives significant assistance from SFUSD including \$116,862 and \$60,980 of administrative and oversight services provided by SFUSD to the Station during the years ended June 30, 2022 and 2021, respectively, which are accounted for as another change in net assets in the accompanying statements of activities. The Station also receives donated space and the usage of the radio tower from SFUSD as further discussed in Note 6. At June 30, 2022 and 2021, the Station owes SFUSD \$550,590 and \$134,864 to reimburse SFUSD for costs incurred on behalf of the Station, and respectively.

## **Note 9 - Leases**

The Station leases equipment under a short-term operating lease through 2024. Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 2,070
2024	<u>2,070</u>
Total minimum lease payments	<u><u>\$ 4,140</u></u>

Total lease expense for the years ended June 30, 2022 and 2021, was approximately \$3,184 and \$7,211, respectively.

## Note 10 - Restatement

During 2022, the Station identified misstatements within the 2021 financial statements related to accounts payable and expense balances that were not reflective of amounts from certain transactions.

The Station restated its previously issued financial statements to appropriately reflect the June 30, 2021, accounts payable, expenses, net assets and the change in net assets for the year ended June 30, 2021.

The following is a summary of the effects of the restatement in the Station's June 30, 2021 Statement of Financial Position, Statement of Activities, and Statement of Cash Flows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Financial Position as of June 30, 2021			
Accounts payable	\$ 343,863	\$ 64,911	\$ 408,774
Total current liabilities	548,260	64,911	613,171
Net assets without donor restrictions	18,463	(64,911)	(46,448)
Net assets	665,157	(64,911)	600,246
Statement of Activities Year Ended June 30, 2021			
Programming expense	\$ 2,842,846	\$ 64,911	\$ 2,907,757
Total program services	2,949,724	64,911	3,014,635
Total expenses	3,707,154	64,911	3,772,065
Change in net assets without donor restrictions	(43,045)	(64,911)	(107,956)
Change in net assets	355,592	(64,911)	290,681
Statement of Cash Flows Year Ended June 30, 2021			
Change in net assets	\$ 355,592	\$ (64,911)	\$ 290,681
Accounts payable	248,636	64,911	313,547