

KBCS 91.3 FM COMMUNITY RADIO

(A Service of Bellevue College)

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

January 14, 2021

To the Management of
KBCS 91.3 FM Community Radio

Independent Auditor's Report

We have audited the accompanying financial statements of KBCS 91.3 FM Community Radio (a service of Bellevue College) ("the Station"), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KBCS 91.3 FM Community Radio as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith Bunday Berman Britton, P.S.

KBCS 91.3 FM COMMUNITY RADIO
STATEMENT OF FINANCIAL POSITION

Assets

| | June 30, | |
|--|-----------------|---------------|
| | 2020 | 2019 |
| Assets: | | |
| Cash and cash equivalents | \$303,283 | \$227,771 |
| Receivable from Corporation for Public Broadcasting | - | 34,278 |
| Donations receivable | 2,504 | 8,244 |
| Pledges receivable - Note 2 | - | 56,786 |
| Prepaid expenses | 29,434 | 28,008 |
| Capital improvements and equipment, net of accumulated depreciation - Note 3 | 49,485 | 13,699 |
| Total assets | \$384,706 | \$368,786 |

Liabilities and Net Assets

| | | |
|--|---------------|---------------|
| Liabilities: | | |
| Accounts payable | \$3,912 | \$3,575 |
| Accrued payroll and related liabilities | 26,773 | 19,398 |
| Total liabilities | 30,685 | 22,973 |
| Commitment and contingencies - Notes 11, 13 and 14 | | |
| Net assets: | | |
| Without donor restrictions | 287,083 | 220,813 |
| With donor restrictions | 66,938 | 125,000 |
| Total net assets | 354,021 | 345,813 |
| Total liabilities and net assets | \$384,706 | \$368,786 |

KBCS 91.3 FM COMMUNITY RADIO

**STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS**

| | For the year ended June 30, | |
|---|------------------------------------|-------------|
| | 2020 | 2019 |
| Changes in net assets without donor restrictions: | | |
| Revenues and support: | | |
| KBCS listener support | \$537,965 | \$540,444 |
| Corporation for Public Broadcasting - Note 7 | 165,158 | 114,259 |
| Bellevue College appropriations and other support | 167,109 | 330,595 |
| Underwriter contributions - Note 8 | 35,209 | 148,966 |
| Foundations, non-profit and local government support - Note 9 | 116,466 | 140,341 |
| Major donors | 43,808 | 40,250 |
| Total revenues and support without donor restrictions | 1,065,715 | 1,314,855 |
| Net assets released from restrictions - Note 5 | 59,062 | - |
| | 1,124,777 | 1,314,855 |
| Expenses: | | |
| Program services | 523,287 | 628,626 |
| Management and general | 221,840 | 180,260 |
| Fundraising | 219,863 | 211,571 |
| Underwriting | 93,517 | 95,173 |
| Total expenses | 1,058,507 | 1,115,630 |
| Increase in net assets without donor restrictions | 66,270 | 199,225 |
| Changes in net assets with donor restrictions: | | |
| Community support | 1,000 | 125,000 |
| Net assets released from restrictions - Note 5 | (59,062) | - |
| Increase in (decrease) net assets with donor restrictions | (58,062) | 125,000 |
| Increase in total net assets | 8,208 | 324,225 |
| Net assets at beginning of year | 345,813 | 21,588 |
| Net assets at end of year | \$354,021 | \$345,813 |

See auditor's report and accompanying notes to financial statements

KBCS 91.3 FM COMMUNITY RADIO

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

| | Program Services | | | | | | | |
|--------------------------------------|-------------------------------|------------------|---|---------------------------|---------------------------|------------------|-----------------|--------------------|
| | Programming and production | Broadcasting | Program information and promotion | Total Program Services | Management and general | Fundraising | Underwriting | Total |
| Salaries and wages | \$171,567 | \$51,531 | \$49,421 | \$272,519 | \$100,420 | \$82,651 | \$50,482 | \$506,072 |
| Benefits | 53,219 | 16,179 | 15,675 | 85,073 | 32,837 | 28,281 | 16,161 | 162,352 |
| College facilities and services | 35,306 | 20,990 | 9,784 | 66,080 | 28,748 | 31,207 | 12,214 | 138,249 |
| Purchased services | - | 8,935 | - | 8,935 | 25,620 | 6,195 | - | 40,750 |
| Rentals and leases | - | 40,020 | - | 40,020 | - | - | - | 40,020 |
| Printing and reproduction | 37 | - | 30 | 67 | 137 | 22,039 | - | 22,243 |
| Software licenses and maintenance | 915 | 341 | - | 1,256 | 1,798 | 16,925 | - | 19,979 |
| Bank charges | - | - | - | - | 19,074 | - | - | 19,074 |
| Memberships and subscriptions | 8,949 | 4,738 | - | 13,687 | - | 4,350 | - | 18,037 |
| Depreciation | - | 17,349 | - | 17,349 | - | - | - | 17,349 |
| Supplies and materials | 200 | 784 | - | 984 | 803 | 14,210 | - | 15,997 |
| Minor equipment | - | 15,847 | - | 15,847 | - | - | - | 15,847 |
| Other, advertising and miscellaneous | - | 674 | - | 674 | 3,000 | 8,701 | - | 12,375 |
| Bad debts | - | - | - | - | - | 2,772 | 14,660 | 17,432 |
| Employee professional development | 130 | - | - | 130 | 6,245 | 60 | - | 6,435 |
| Travel | - | - | - | - | 3,158 | - | - | 3,158 |
| Communication and telecommunications | - | - | - | - | - | 2,472 | - | 2,472 |
| Repairs and maintenance | - | 666 | - | 666 | - | - | - | 666 |
| Fundraising expense | - | - | - | - | - | - | - | - |
| Total expenses | \$270,323 | \$178,054 | \$74,910 | \$523,287 | \$221,840 | \$219,863 | \$93,517 | \$1,058,507 |

KBCS 91.3 FM COMMUNITY RADIO

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

| | Program Services | | | | | | | |
|--------------------------------------|-------------------------------|------------------|---|---------------------------|---------------------------|------------------|-----------------|--------------------|
| | Programming and production | Broadcasting | Program information and promotion | Total Program Services | Management and general | Fundraising | Underwriting | Total |
| Salaries and wages | \$266,367 | \$51,663 | \$47,820 | \$365,850 | \$81,070 | \$69,594 | \$42,452 | \$558,966 |
| Benefits | 62,296 | 15,637 | 16,176 | 94,109 | 26,476 | 23,915 | 16,313 | 160,813 |
| College facilities and services | 53,769 | 18,709 | 11,129 | 83,607 | 26,567 | 28,817 | 12,963 | 151,954 |
| Purchased services | 1,415 | 5,210 | 1,885 | 8,510 | 15,897 | 260 | - | 24,667 |
| Rentals and leases | - | 38,966 | - | 38,966 | - | - | - | 38,966 |
| Printing and reproduction | - | - | 2,250 | 2,250 | - | 31,825 | - | 34,075 |
| Software licenses and maintenance | - | 121 | 198 | 319 | - | 14,263 | 10,350 | 24,932 |
| Bank charges | - | - | - | - | 18,520 | - | - | 18,520 |
| Memberships and subscriptions | 10,931 | 6,831 | - | 17,762 | 3,321 | 657 | 6,950 | 28,690 |
| Depreciation | - | 14,796 | - | 14,796 | - | - | - | 14,796 |
| Supplies and materials | (19) | 227 | 2,249 | 2,457 | 582 | 8,000 | 85 | 11,124 |
| Minor equipment | - | - | - | - | - | - | - | - |
| Other, advertising and miscellaneous | - | - | - | - | 2,245 | 9,028 | - | 11,273 |
| Bad debts | - | - | - | - | - | 4,195 | 6,060 | 10,255 |
| Employee professional development | - | - | - | - | 4,275 | 2,095 | - | 6,370 |
| Travel | - | - | - | - | 1,307 | 1,260 | - | 2,567 |
| Communication and telecommunications | - | - | - | - | - | 10,020 | - | 10,020 |
| Repairs and maintenance | - | - | - | - | - | - | - | - |
| Fundraising expense | - | - | - | - | - | 7,642 | - | 7,642 |
| Total expenses | <u>\$394,759</u> | <u>\$152,160</u> | <u>\$81,707</u> | <u>\$628,626</u> | <u>\$180,260</u> | <u>\$211,571</u> | <u>\$95,173</u> | <u>\$1,115,630</u> |

See auditor's report and accompanying notes to financial statements

KBCS 91.3 FM COMMUNITY RADIO

STATEMENT OF CASH FLOWS

| | For the year ended June 30, | |
|--|------------------------------------|-------------------------|
| | 2020 | 2019 |
| | <u> </u> | <u> </u> |
| Cash flows from operating activities: | | |
| Change in net assets | \$8,208 | \$324,225 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 17,349 | 14,796 |
| Increase (decrease) in allowance on pledges receivable | (5,756) | 4,530 |
| Changes in operating assets and liabilities: | | |
| Receivable from Corporation for Public Broadcasting | 34,278 | (34,278) |
| Donations receivable | 5,740 | (5,316) |
| Promises to give | 62,542 | (47,702) |
| Prepaid expenses | (1,426) | 4,582 |
| Book overdraft | - | (17,759) |
| Accounts payable | 337 | (4,182) |
| Accrued payroll and related liabilities | 7,375 | (11,125) |
| Net cash provided by operating activities | <u>128,647</u> | <u>227,771</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | <u>(53,135)</u> | <u>-</u> |
| Net cash used in investing activities | <u>(53,135)</u> | <u>-</u> |
| Net increase in cash and cash equivalents | 75,512 | 227,771 |
| Cash and cash equivalents at beginning of year | <u>227,771</u> | <u>-</u> |
| Cash and cash equivalents at end of year | <u><u>\$303,283</u></u> | <u><u>\$227,771</u></u> |

See auditor's report and accompanying notes to financial statements.

KBCS 91.3 FM COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations -

KBCS 91.3 FM Community Radio (the “Station”) is a non-commercial radio station in the Seattle metropolitan market, licensed to the Bellevue College (BC) in Bellevue, Washington. The Station began broadcasting in 1973 as a public service of Bellevue College to entertain, educate and involve a diverse community of listeners with a variety of music, cultural and public affairs programs.

This summary of significant accounting policies of the Station is presented to assist in understanding the Station’s financial statements. The financial statements and notes are representations of the Station’s management, who are responsible for their integrity and objectivity.

Basis of Accounting -

The Station is not a distinct legal entity but rather a department of BC which does not meet the definition of a component unit of BC. The majority of the Station’s revenues are derived from non-governmental fundraising. Accordingly, management has prepared the accompanying financial statements in conformity with the disclosures and display requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Not-for-Profit Organizations*.

The financial statements of the Station have been presented on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation -

In conformity with not-for-profit accounting, the Station’s net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Station and changes therein are classified and reported as follows:

- Net assets without Donor Restrictions - Net assets that are not subject to or no longer subject to donor-imposed restrictions.
- Net assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Net assets with donor restrictions include pledges and contributions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, (this is when a stipulated time restriction ends or purpose restriction is accomplished), 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 restriction.

NOTE 1 - continued:

Cash and Cash Equivalents -

Cash and cash equivalents as presented in the accompanying financial statements are defined as the budget equity balance held with and made available by Bellevue College.

Member Pledges Receivable -

The Station engages in periodic on-air pledge drives which make appeals to encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Contributions, including unconditional membership pledges are recognized as revenue in the period received. However, uncollected pledges are not enforceable against contributors. Accordingly, an allowance for uncollectible member pledges receivable may be provided based on management's judgment.

Member pledges consist of unconditional promises to give over a finite period of time. Member pledges to give that are expected to be collected within one year are recorded at net realizable value. Member pledges to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate. Amortization of the discounts is included in contribution revenue. Conditional pledges are recognized only when the conditions on which they depend are substantially met.

Capital Improvements and Equipment -

Capital improvements consist of improvements made to its facilities for conversion from their original designed purpose (residential housing) to use as studios. See Note 3. Capital improvements and equipment in excess of \$5,000 are recorded at cost if purchased and, if donated, at fair market value at the date of donation.

Depreciation is provided for in amounts sufficient to relate the cost or donated value of depreciable assets to operations over their estimated useful lives of five to seven years, on a straight-line basis. Expenditures for maintenance and repairs are expensed as incurred. Costs of renewals and betterments of a nature considered to materially extend the useful lives of assets are capitalized.

Cash Contributions -

Contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

NOTE 1 - continued:**Revenue -**

Listener support represents amounts given or pledged primarily by individuals and is recognized in the period received or pledged. Listener support pledges may be canceled by the donor. To the extent pledged payments are not fulfilled, unpaid amounts are reported as bad debt in the same or subsequent periods.

Underwriting support represents amounts pledged primarily by businesses and other organizations with expectation that this support will be recognized with on-air acknowledgements. Underwriting is recognized in the period during which it is pledged. To the extent pledged payments are not fulfilled, unpaid amounts are reported as bad debt in the same or subsequent periods.

Grant revenue from the Corporation for Public Broadcasting is received as an 'Unrestricted Community Service Grant' and as a 'Restricted Community Service Grant.' The unrestricted portion can be used for a variety of purposes, including local content development, community outreach, infrastructure maintenance, and other station needs. The restricted portion can be used for acquiring programming from independent producers or other stations or for producing programming shared with other stations. See Note 14.

Contributions Other Than Cash -

Contributed materials or property and equipment (gifts in kind) are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as increases in net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as increases in net assets without donor restrictions.

Donated Services -

The Station receives donated services from unpaid volunteers and students who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses allocated across several services. Payroll, its-related taxes and benefits expenses are allocated based on the program or function benefitted using percentage rates reviewed and adjusted each year. An indirect overhead fee is calculated by the Bellevue College using the Office of Management and Budget's guidance in Circular A-133. Per Corporation for Public Broadcasting guidance, this expense for occupancy and centrally provided goods and services is allocated to program and other support services. Allocation is based on total expenses for each function.

Fundraising -

Fundraising costs are recorded as they are incurred. In some instances, expenses in one period may result in contributions received in subsequent periods.

NOTE 1 - continued:

The Station receives donations of resalable vehicles, contracting with a firm specializing in vehicle donations to receive, receipt, process and prepare vehicles for sale at auction. Donations of vehicles are recorded with values equal to the amount of the gross auction sale. During 2020 and 2019, the Station recognized as contributions \$23,894 and \$25,018, respectively in vehicle donations, which are reported as contributions in the statement of activities and changes in net assets. The Station's interest in contributed vehicles not yet sold at auction are recorded as donations receivable in the statement of financial position.

Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement -

During the year ended June 30, 2020, the Station adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contribution Received and Contributions Made. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. This update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. As a result, it enhances the comparability of financial information among non-for-profit entities. The Station adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applied to agreements not completed or entered into (revenue or expense that has not been recognized) as of July 1, 2019. As a result, the 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

Reclassification -

Certain amounts in the 2019 presentation have been reclassified to conform to the 2020 presentation.

NOTE 2 - MEMBER PLEDGES RECEIVABLE

The Station has received pledges from individuals, businesses and other organizations throughout the Puget Sound area. Member pledges outstanding at June 30, 2020 and 2019 are comprised of the following:

| | 2020 | 2019 |
|--|------------|-----------------|
| Receivable in one year or less | \$- | \$62,542 |
| Less allowance for uncollectible pledges | (-) | (5,756) |
| | <u>\$-</u> | <u>\$56,786</u> |

NOTE 3 - CAPITAL IMPROVEMENTS AND EQUIPMENT

Capital improvements and equipment are comprised of the following as of June 30, 2020 and 2019:

| | 2020 | 2019 |
|--------------------------------|-----------|-----------|
| Capital improvements | \$320,088 | \$320,088 |
| Equipment | 346,119 | 292,984 |
| | 666,207 | 613,072 |
| Less: accumulated depreciation | (616,722) | (599,373) |
| Total, net | \$49,485 | \$13,699 |

Depreciation expense was \$17,349 and \$14,796, respectively, for the years ended June 30, 2020 and 2019.

NOTE 4 - RELATED PARTY TRANSACTIONS AND IN-KIND CONTRIBUTIONS

The Station receives support from BC in the form of in-kind contributions of occupancy and centrally provided goods and services. The Station has recognized \$95,109 and \$118,595 during the fiscal years 2020 and 2019, respectively, using the Office of Management and Budget's guidance in Circular A-133 to calculate values which has been included in the "College appropriations and other support" caption in the statement of activities.

During the years ended June 30, 2020 and 2019, the Station received appropriations of \$40,000 and \$180,000, respectively, from BC which has also been included in the "College appropriations and other support" caption in the statement of activities.

BC processes payroll and certain operating expenses for the Station on a cost reimbursement basis. BC charged the Station \$668,424 and \$719,779 for payroll, taxes and benefits for the years ended June 30, 2020 and 2019, respectively. The Station additionally paid BC \$52,598 and \$75,077 for other operating expenses for the years ended June 30, 2020 and 2019, respectively.

The Station receives community contributions from individuals, businesses, foundations and other nonprofit organizations through the Bellevue College Foundation (Foundation). To comply with the State of Washington Charitable Solicitations Act, the Station's community fundraising activities are conducted through the Foundation. For the fiscal years ended June 30, 2020 and 2019, the Station received net cash contributions of \$730,062, and \$700,000, respectively, through the Foundation after expenses. The Station uses proceeds from the Foundation for general operations and equipment purchases.

For the fiscal years ended June 30, 2020 and 2019, the Station received grant revenue in the amount of \$32,000 and \$32,000, respectively, from the Associated Student Government through Bellevue College.

For the fiscal years ended June 30, 2020 and 2019, the Station received underwriting support from Bellevue College of \$330 and \$12,260, respectively. Included in pledges receivable at June 30, 2020 and 2019 is \$0 and \$6,600, respectively, in underwriting support from Bellevue College.

NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS

The net assets released from donor restrictions during the year ended June 30, 2020 were expended primarily for capital projects of the Station.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for future periods or for specific programs, and consist of the following at June 30:

| | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|
| Subject to expenditure for specific purpose - Capital Projects – Transmitter and Console Board Replacement | \$66,938 | \$125,000 |

NOTE 7 - CORPORATION FOR PUBLIC BROADCASTING

Grant revenue from the Corporation for Public Broadcasting consisted of the following for the years ended June 30:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|------------------|------------------|
| Community Service Grant | \$90,158 | \$114,259 |
| CARES Act | 75,000 | - |
| | <u>\$165,158</u> | <u>\$114,259</u> |

NOTE 8 - UNDERWRITER CONTRIBUTIONS

Underwriter contributions were from the following sources for the years ended June 30:

| | <u>2020</u> | <u>2019</u> |
|---|-----------------|------------------|
| Local government agencies | \$9,818 | \$52,687 |
| Bellevue College | 330 | 15,590 |
| Foundations and non-profit associations | 7,611 | 8,110 |
| Business and industry | 17,450 | 72,579 |
| | <u>\$35,209</u> | <u>\$148,966</u> |

NOTE 9 - FOUNDATIONS, NON-PROFIT AND LOCAL GOVERNMENT SUPPORT

Foundations, non-profit and local government support contributions were from the following sources for the years ended June 30:

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| Local government agencies | \$7,480 | \$6,777 |
| Foundations and non-profit associations | 96,260 | 129,276 |
| Business and industry | <u>12,726</u> | <u>4,288</u> |
| | <u>\$116,466</u> | <u>\$140,341</u> |

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Station's financial assets available within one year to meet general expenditures include the following as of June 30:

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| Cash and cash equivalents | \$303,283 | \$227,771 |
| Receivable from CPB | - | 34,278 |
| Donations receivable | 2,504 | 8,244 |
| Member pledges receivable | <u>-</u> | <u>56,786</u> |
| Available financial assets | 305,787 | 327,079 |
| Less: financial assets unavailable for general expenditures due to designations | | |
| Donor imposed time/purpose restrictions | <u>(66,938)</u> | <u>(125,000)</u> |
| Available financial assets, net | <u>\$238,849</u> | <u>\$202,079</u> |

NOTE 11 - LEASE COMMITMENT

The Station leases space for a FM broadcast system under an operating lease which has been extended through February 28, 2023 and contains three additional extension options of five years each. The lease calls for monthly payments of \$2,898 plus an annual 3% adjustment. The following is a schedule by year of future minimum rental payments as of June 30, 2020.

| <u>Year Ending June 30,</u> | |
|------------------------------|------------------|
| 2021 | \$37,265 |
| 2022 | 38,383 |
| 2023 | <u>26,095</u> |
| Total minimum lease payments | <u>\$101,744</u> |

Rental expense charged to operations during the years ended June 30, 2020 and 2019 was \$40,020 and \$38,966, respectively.

NOTE 12 - CONCENTRATIONS

During 2019 one donor made contributions of \$125,000 or 15.7% of total pledge and contributions during this fiscal year.

NOTE 13 - CONTINGENCIES

Expenses made pursuant to grants and contracts are subject to audit by the Corporation of Public Broadcasting and other governmental agencies or their representatives. Accordingly, adjustments of amounts received under grants and contracts could result if the grants and contracts are audited by such agencies.

NOTE 14 - CORONAVIRUS COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the Station's operations.

The Station transitioned employees to remote work except for equipment maintenance, minimal live program hosting and certain other functions requiring on-site presence. Community volunteers who previously recorded shows at the Station transitioned to producing their shows remotely and submitting them for airing. The Station received a \$75,000 CARES Grant from CPB on April 16, 2020 to maintain programming and services. The Station has continued to operate, and as of the date of this report, has not experienced any significant impact to outright gifts and therefore, its financial condition or liquidity. However, the full impact of the COVID-19 outbreak is evolving, and management continues to monitor its impact on operations, including fund-raising.

The Station is not able to estimate the effects of the pandemic on its future operations, financial condition or liquidity for the fiscal year ending June 30, 2021 and beyond.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2021 the date these financial statements were available to be issued.