

KBCS 91.3 FM COMMUNITY RADIO

(A Service of Bellevue College)

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

February 11, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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,

	2021	2020
Assets:		
Cash and cash equivalents	\$760,030	\$303,283
Interest in endowment held by Bellevue College Foundation - Note 12	51,899	-
Receivable from Bellevue College Foundation	1,386	-
Donations receivable	9,949	2,504
Pledges receivable - Note 2	9,733	-
Prepaid expenses	26,511	29,434
Capital improvements and equipment, net of accumulated depreciation - Note 3	54,127	49,485
Total assets	\$913,635	\$384,706

Liabilities and Net Assets

Liabilities:

Accounts payable	\$13,403	\$3,912
Accrued payroll and related liabilities	25,470	26,773
Total liabilities	38,872	30,685

Commitment and contingencies - Notes 11, 13 and 14

Net assets:

Without donor restrictions	770,011	287,083
With donor restrictions	104,752	66,938
Total net assets	874,763	354,021
Total liabilities and net assets	\$913,635	\$384,706

See accompanying notes to financial statements

KBCS 91.3 FM COMMUNITY RADIO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the year ended June 30,	
	2021	2020
Changes in net assets without donor restrictions:		
Revenues and support:		
KBCS listener support	\$671,657	\$537,965
Corporation for Public Broadcasting - Note 7	255,825	165,158
Bellevue College appropriations and other support - Note 4	261,492	167,109
Underwriter contributions - Note 8	44,050	35,209
Foundations, non-profit and local government support - Note 9	202,774	116,466
Major donors	85,356	43,808
Total revenues and support without donor restrictions	1,521,154	1,065,715
Net assets released from restrictions - Note 5	12,386	59,062
	1,533,540	1,124,777
 Expenses:		
Program services	569,832	523,287
Management and general	190,013	221,840
Fundraising	188,076	219,863
Underwriting	102,691	93,517
Total expenses	1,050,612	1,058,507
 Increase in net assets without donor restrictions	482,928	66,270
 Changes in net assets with donor restrictions:		
Foundations, non-profit and local government support - Note 9	50,200	-
Community support	-	1,000
Net assets released from restrictions - Note 5	(12,386)	(59,062)
	37,814	(58,062)
 Increase in total net assets	520,742	8,208
 Net assets at beginning of year	354,021	345,813
 Net assets at end of year	\$874,763	\$354,021

See accompanying notes to financial statements

KBCS 91.3 FM COMMUNITY RADIO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services							
	Programming and production	Broadcasting	Program information and promotion	Total Program Services	Management and general	Fundraising	Underwriting	Total
Salaries and wages	\$191,227	\$53,900	\$50,323	\$295,450	\$98,796	\$55,743	\$63,725	\$513,714
Benefits	62,195	17,048	16,551	95,794	32,278	17,541	21,673	167,286
College facilities and services	43,016	32,925	13,852	89,793	17,445	40,656	17,293	165,187
Rentals and leases	-	41,105	-	41,105	-	-	-	41,105
Software licenses and maintenance	916	6,603	-	7,519	-	25,495	-	33,014
Purchased services	-	-	-	-	13,352	11,319	-	24,671
Bank charges	-	-	-	-	22,135	-	-	22,135
Memberships and subscriptions	15,247	4,897	-	20,144	-	263	-	20,407
Other, advertising and miscellaneous	-	-	-	-	-	14,883	-	14,883
Supplies and materials	-	2,125	-	2,125	1,732	10,721	-	14,578
Printing and reproduction	-	-	-	-	-	11,191	-	11,191
Minor equipment	1,055	206	8,897	10,158	-	-	-	10,158
Depreciation	-	7,744	-	7,744	-	-	-	7,744
Employee professional development	-	-	-	-	4,275	-	-	4,275
Bad debts	-	-	-	-	-	264	-	264
Total expenses	<u>\$313,656</u>	<u>\$166,553</u>	<u>\$89,623</u>	<u>\$569,832</u>	<u>\$190,013</u>	<u>\$188,076</u>	<u>\$102,691</u>	<u>\$1,050,612</u>

See 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
Total expenses	\$270,323	\$178,054	\$74,910	\$523,287	\$221,840	\$219,863	\$93,517	\$1,058,507

See accompanying notes to financial statements

KBCS 91.3 FM COMMUNITY RADIO

STATEMENT OF CASH FLOWS

	<u>For the year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$520,742	\$8,208
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,744	17,349
Increase (decrease) in allowance on pledges receivable	1,087	(5,756)
Unrealized gain on interest in endowment	(1,699)	-
Changes in operating assets and liabilities:		
Receivables	(1,386)	34,278
Donations receivable	(7,445)	5,740
Pledges receivable	(10,820)	62,542
Prepaid expenses	2,923	(1,426)
Accounts payable	9,491	337
Accrued payroll and related liabilities	(1,303)	7,375
Net cash provided by operating activities	<u>519,333</u>	<u>128,647</u>
Cash flows from investing activities:		
Purchase of funds held as endowment	(50,200)	-
Capital expenditures	<u>(12,386)</u>	<u>(53,135)</u>
Net cash used in investing activities	<u>(62,586)</u>	<u>(53,135)</u>
Net increase in cash and cash equivalents	456,747	75,512
Cash and cash equivalents at beginning of year	<u>303,283</u>	<u>227,771</u>
Cash and cash equivalents at end of year	<u><u>\$760,030</u></u>	<u><u>\$303,283</u></u>

See 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 the Station's 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 recognized in the period received, including unconditional promises to give when made, at their fair value. 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 with donor restrictions. However, if the restrictions expire in the fiscal year in which the contributions are recognized, they are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

In accordance with ASC Sub-Topic 958, the Station must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution

NOTE 1 - continued:

is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists.

Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

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.

Community Service Grant revenue from the Corporation for Public Broadcasting (CPB) 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. CARES Act Stabilization funds are unrestricted and are used to sustain operations and services. The American Rescue Plan Act Stabilization funds are unrestricted and are used to maintain programming and services and to prevent, prepare for and respond to the coronavirus. See Note 7.

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

NOTE 1 - continued:

calculated by the Bellevue College using CPB's guidance for Indirect Administrative Support. Per the CPB guidance, this expense for facilities and administrative costs and occupancy value 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.

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 2021 and 2020, the Station recognized as contributions \$43,627 and \$23,894, 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.

Fair Value Measurements -

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Certain investments and the interest in funds held by the Foundation are presented at fair value in these financial statements.

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, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Receivable in one year or less	\$10,820	\$-
Less allowance for uncollectible pledges	<u>(1,087)</u>	<u>(-)</u>
	<u>\$9,733</u>	<u>\$-</u>

NOTE 3 - CAPITAL IMPROVEMENTS AND EQUIPMENT

Capital improvements and equipment are comprised of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Capital improvements	\$332,474	\$320,088
Equipment	<u>346,119</u>	<u>346,119</u>
	678,593	666,207
Less: accumulated depreciation	<u>(624,466)</u>	<u>(616,722)</u>
Total, net	<u>\$54,127</u>	<u>\$49,485</u>

Depreciation expense was \$7,744 and \$17,349, respectively, for the years ended June 30, 2021 and 2020.

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 \$127,492 and \$95,109 during the fiscal years 2021 and 2020, respectively, using the CPB's standard method worksheet on Schedule B 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, 2021 and 2020, the Station received appropriations of \$134,000 and \$40,000, 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 \$683,699 and \$668,424 for payroll, taxes and benefits for the years ended June 30, 2021 and 2020, respectively. The Station additionally paid BC \$138,249 and \$52,598 for other operating expenses (predominately for lease expense; overhead; and memberships and subscriptions) for the years ended June 30, 2021 and 2020, respectively.

NOTE 4 - continued:

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, 2021 and 2020, the Station received net cash contributions of \$512,386 and \$730,062, 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, 2021 and 2020, the Station received grant revenue in the amount of \$0 and \$32,000, respectively, from the Associated Student Government through Bellevue College.

For the fiscal years ended June 30, 2021 and 2020, the Station received underwriting support from Bellevue College of \$0 and \$330, respectively.

NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS

The net assets released from donor restrictions during the years ended June 30, 2021 and 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>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose -		
Capital Projects – Transmitter and Console Board Replacement	\$54,552	\$66,938
Subject to donor restrictions -		
Interest in endowment held by Foundation	51,899	-
	<u>\$106,451</u>	<u>\$66,938</u>

Net assets with endowment restrictions consist of a portion of a pool of various investments. The investment is accounted for at the fair value of the underlying investments and is considered Level 3 in the fair value hierarchy described in Note 1. The income is to be used to support the operations of the Station.

The value of Level 3 assets is provided by the Foundation. The change in value year over year is a result of changes in fair value of the underlying assets. See Note 12.

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>2021</u>	<u>2020</u>
Community Service Grant	\$111,079	\$90,158
American Rescue Plan Act Stabilization Grant	144,746	-
CARES Act	-	75,000
	<u>\$255,825</u>	<u>\$165,158</u>

NOTE 8 - UNDERWRITER CONTRIBUTIONS

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

	<u>2021</u>	<u>2020</u>
Local government agencies	\$9,380	\$9,818
Bellevue College	-	330
Foundations and non-profit associations	4,660	7,611
Business and industry	30,010	17,450
	<u>\$44,050</u>	<u>\$35,209</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>2021</u>	<u>2020</u>
Local government agencies	\$31,748	\$7,480
Foundations and non-profit associations	209,008	96,260
Business and industry	12,218	12,726
	<u>\$252,974</u>	<u>\$116,466</u>

Foundations and non-profit associations 2021 contributions are reflected in the statement of activities as follows:

Without donor restrictions	\$202,774
With donor restrictions	50,200
	<u>\$252,974</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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$761,729	\$303,283
Funds held as endowment	51,899	-
Receivable from Bellevue College Foundation	1,386	-
Donations receivable	9,949	2,504
Member pledges receivable	9,733	-
Available financial assets	<u>834,696</u>	<u>305,787</u>
Less: financial assets unavailable for general expenditures due to designations		
Donor imposed time/purpose restrictions	(54,552)	(66,938)
Funds held as endowment	(51,899)	-
Available financial assets, net	<u><u>\$728,245</u></u>	<u><u>\$238,849</u></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, 2021.

	<u>Year Ending June 30,</u>
	2022
	\$38,383
	2023
	<u>26,095</u>
Total minimum lease payments	<u><u>\$64,479</u></u>

Rental expense charged to operations during the years ended June 30, 2021 and 2020 was \$41,105 and \$40,020, respectively.

NOTE 12 - FUNDS HELD AS ENDOWMENT

As discussed in Note 1, the Station has an interest in an endowment held by the Bellevue College Foundation ("the Foundation"). This endowment consists of a donor-designated fund established in 2021 to provide long-term stability and support for the programs, operations, and activities of the Station. As this endowment is restricted by outside donors, it is included with the net assets with donor restrictions.

As required by generally accepted accounting principles, the endowment funds comprise donor restricted net assets related to the corpus of endowment funds that have been contributed with donor-specified restrictions that the principal be invested in perpetuity and the net assets that

NOTE 12 - continued:

are earnings are available for operations, equipment, facilities or as directed by the donors or the Board.

Changes to endowment fund's net assets for the year ended June 30, 2021 are as follows:

Donor restricted endowment funds, June 30, 2020	\$-
Contributions	50,200
Realized and unrealized losses	1,699
Appropriation for expenditures	<u>(-)</u>
Donor restricted endowment funds, June 30, 2021	<u><u>\$51,899</u></u>

Return Objectives and Risk Parameters -

The Foundation adopted investment and spending policies for endowment fund assets that attempt to provide a predictable stream of funding for the Foundation, the College and the Station while seeking to achieve growth of principal and income over time in order to preserve or increase the purchasing power of the Foundation's assets. Endowments include those assets of donor-restricted funds the Foundation must hold in perpetuity. Under this policy, as approved by the Foundation Board, the Foundation assets are invested in a manner that is intended to achieve investment returns above the broad market indices over a typical market cycle of five to ten years. The endowment assets portfolio is managed by investment managers with the approval of the Finance Committee and the Board of Directors to achieve the above return objectives.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Equity and bond mutual fund investments are diversified in terms of industry, market capitalization and domestic/foreign origin.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has a policy of appropriating for distribution annually as directed by the Foundation Board. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment fund assets to grow. This is consistent with the Foundation's objective to sustain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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. In addition, on April 21, 2021, the Station received a \$144,746 American Reserve Plan Act Stabilization Grant from CPB to maintain programming and services and to respond to the impact of COVID-19. 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 February 11, 2022 the date these financial statements were available to be issued.