

**KBCS 91.3 FM**

**(A Service of Bellevue College)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

To the Management of  
KBCS 91.3 FM

### **Independent Auditor's Report**

#### **Opinion**

We have audited the accompanying financial statements of KBCS 91.3 FM (a service of Bellevue College) (“the Station”), which comprise the statement 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 financial statements referred to above present fairly, in all material respects, the financial position of KBCS 91.3 FM as of June 30, 2022 and 2021, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 KBCS 91.3 FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **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 KBCS 91.3 FM’s ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Station'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 the Station'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.

*Smith Bunday Berman Britton, P.S.*

January 13, 2023

**KBCS 91.3 FM**

**STATEMENT OF FINANCIAL POSITION**

**Assets**

**June 30,**

**2022**

**2021**

Assets:

Cash and cash equivalents	\$767,873	\$760,030
Interest in endowment held by Bellevue College Foundation - Note 12	50,200	51,899
Receivable from Bellevue College Foundation	-	1,386
Donations receivable	14,579	9,949
Community support receivable - Note 2	20,329	9,733
Prepaid expenses	59,685	26,511
Capital improvements and construction in progress, net of accumulated depreciation - Note 3	151,852	54,127
Total assets	<u>\$1,064,518</u>	<u>\$913,635</u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	\$2,391	\$13,403
Accrued payroll and related liabilities	39,842	25,469
Total liabilities	<u>42,233</u>	<u>38,872</u>

Commitment and contingencies - Notes 11, 13 and 14

Net assets:

Without donor restrictions	969,906	625,265
With donor restrictions	52,379	249,498
Total net assets	<u>1,022,285</u>	<u>874,763</u>

Total liabilities and net assets \$1,064,518 \$913,635

**KBCS 91.3 FM**

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

	<b>For the year ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Changes in net assets without donor restrictions:		
Revenues and support:		
KBCS listener support	\$659,879	\$671,657
Corporation for Public Broadcasting - Note 7	95,727	111,079
Bellevue College appropriations and other support - Note 4	183,867	261,492
Underwriter contributions - Note 8	72,513	44,050
Foundations, non-profit and local government support - Note 9	170,411	202,774
Major donors	100,968	85,356
Interest and dividends	1,914	-
Net realized and unrealized loss on interest in endowment - Note 12	(7,235)	-
Total revenues and support without donor restrictions	1,278,044	1,376,408
Net assets released from restrictions - Note 5	197,119	12,386
	1,475,163	1,388,794
 Expenses:		
Program services	615,442	569,832
Management and general	246,716	190,013
Fundraising	182,165	188,076
Underwriting	89,821	102,691
Total expenses	1,134,144	1,050,612
 Increase in net assets without donor restrictions	341,019	338,182
 Changes in net assets with donor restrictions:		
Foundations, non-profit and local government support - Note 9	-	50,200
Corporation for Public Broadcasting - Note 7	-	144,746
Net assets released from restrictions - Note 5	(197,119)	(12,386)
	(197,119)	182,560
 Increase in total net assets	143,900	520,742
 Net assets at beginning of year	874,763	354,021
 Transfer - Note 12	3,622	-
 Net assets at end of year	\$1,022,285	\$874,763

See auditor's report and accompanying notes to financial statements

KBCS 91.3 FM

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022

	Program Services				Management and general	Fundraising	Underwriting	Total
	Programming and production	Broadcasting	Program information and promotion	Total Program Services				
Salaries and wages	\$185,901	\$73,152	\$56,154	\$315,207	\$104,282	\$62,673	\$55,790	\$537,952
Benefits	59,255	21,455	16,617	97,327	31,510	17,890	17,119	163,846
College facilities and services	63,429	35,570	16,880	115,879	46,874	33,878	16,912	213,543
Purchased services	1,999	3,600	-	5,599	2,049	40,011	-	47,659
Rentals and leases	-	42,223	-	42,223	-	-	-	42,223
Memberships and subscriptions	18,583	3,763	-	22,346	4,507	2,200	-	29,053
Bank charges	-	-	-	-	25,042	-	-	25,042
Software licenses and maintenance	1,724	1,971	-	3,695	-	14,432	-	18,127
Depreciation	-	-	-	-	16,285	-	-	16,285
Supplies and materials	1,135	-	-	1,135	-	5,790	-	6,925
Professional fees	-	-	-	-	16,098	-	-	16,098
Communication and telecommunications	4,850	-	-	4,850	-	-	-	4,850
Repairs and maintenance	-	4,454	-	4,454	-	-	-	4,454
Printing and reproduction	-	-	-	-	-	2,761	-	2,761
Minor equipment	-	2,727	-	2,727	-	-	-	2,727
Bad debts	-	-	-	-	-	2,238	-	2,238
Other, advertising and miscellaneous	-	-	-	-	-	292	-	292
Employee professional development	-	-	-	-	69	-	-	69
Total expenses	<u>\$336,876</u>	<u>\$188,915</u>	<u>\$89,651</u>	<u>\$615,442</u>	<u>\$246,716</u>	<u>\$182,165</u>	<u>\$89,821</u>	<u>\$1,134,144</u>

See auditor's report and accompanying notes to financial statements

KBCS 91.3 FM

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021

	Program Services				Management and general	Fundraising	Underwriting	Total
	Programming and production	Broadcasting	Program information and promotion	Total Program Services				
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
Purchased services	-	-	-	-	13,352	11,319	-	24,671
Rentals and leases	-	41,105	-	41,105	-	-	-	41,105
Memberships and subscriptions	15,247	4,897	-	20,144	-	263	-	20,407
Bank charges	-	-	-	-	22,135	-	-	22,135
Software licenses and maintenance	916	6,603	-	7,519	-	25,495	-	33,014
Depreciation	-	7,744	-	7,744	-	-	-	7,744
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
Bad debts	-	-	-	-	-	264	-	264
Other, advertising and miscellaneous	-	-	-	-	-	14,883	-	14,883
Employee professional development	-	-	-	-	4,275	-	-	4,275
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 auditor's report and accompanying notes to financial statements

**KBCS 91.3 FM**

**STATEMENT OF CASH FLOWS**

	<b>For the year ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Change in net assets	\$143,900	\$520,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,285	7,744
Increase in allowance on pledges receivable	-	1,087
Realized gain on sale of interest in endowment	(206)	-
Unrealized loss (gain) on interest in endowment	7,441	(1,699)
Changes in operating assets and liabilities:		
Receivables	1,386	(1,386)
Donations receivable	(4,630)	(7,445)
Community support receivable	(10,596)	(10,820)
Prepaid expenses	(33,174)	2,923
Accounts payable	(11,012)	9,491
Accrued payroll and related liabilities	14,373	(1,304)
Net cash provided by operating activities	123,767	519,333
Cash flows from investing activities:		
Purchase of funds held as endowment	-	(50,200)
Reinvested interest in endowment	(1,914)	-
Capital expenditures	(114,010)	(12,386)
Net cash used in investing activities	(115,924)	(62,586)
Net increase in cash and cash equivalents	7,843	456,747
Cash and cash equivalents at beginning of year	760,030	303,283
Cash and cash equivalents at end of year	\$767,873	\$760,030

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



## KBCS 91.3 FM

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

##### **Organization and Operations -**

KBCS 91.3 FM (the “Station”) is a non-commercial radio station in the Seattle metropolitan market, licensed to 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.

**Community Support Receivable -**

The Station engages in on-going appeals to encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offers and other operating expenses. Community support includes listener support, underwriter contributions and gifts from major donors, foundations, non-profits and local government. A portion of community support consists of unconditional pledges to give over a finite period of time. As uncollected pledges are not enforceable against contributors, the Station calculates an allowance for uncollectable amounts based on management's judgment. Amounts receivable within one year are recorded at net realizable value. Any such pledges that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts, if any, are computed using a risk-free interest rate. Amortization of the discounts, if any, is included in contribution revenue. Conditional pledges, if any, are recognized only when the conditions on which they depend are substantially met.

**Capital Improvements and Construction in Progress -**

Capital improvements and construction in progress consist of investments in durable resources including broadcast facilities, equipment and software, signal relay systems and transmission systems. Capital improvements and construction in progress expenses in excess of \$5,000 are recorded at cost if purchased, and if donated, at fair market value at the date of donation. See Note 3.

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.

Additional support comes from foundations, non-for-profit agencies, local governments and from license holder, Bellevue College. An endowment for the Station provides dividends and interest and realized and unrealized capital gains or losses.

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. CPB American Rescue Plan Act Stabilization funds received in the prior fiscal year (2021) were unrestricted and were used to maintain programming and services and to respond to the coronavirus. Such emergency funding was not repeated during the current fiscal year. 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.

**NOTE 1 - continued:**

**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 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 2022 and 2021, the Station recognized as contributions \$46,049 and \$43,627, 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 1 - continued:****Reclassification -**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported changes in net assets. An adjustment has been made to the statement of financial position and statement of activities and changes in net assets, to reclassify the American Rescue Plan Act Stabilization Grant from Corporation for Public Broadcasting to net assets with donor restrictions.

**NOTE 2 - COMMUNITY SUPPORT RECEIVABLE**

The Station has received pledges from individuals, businesses and other organizations throughout the Puget Sound area. Community support pledges outstanding at June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Receivable in one year or less	\$21,416	\$10,820
Less allowance for uncollectible pledges	<u>(1,087)</u>	<u>(1,087)</u>
	<u>\$20,329</u>	<u>\$9,733</u>

**NOTE 3 - CAPITAL IMPROVEMENTS AND CONSTRUCTION IN PROGRESS**

Capital improvements and construction in progress are comprised of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital improvements	\$332,474	\$332,474
Equipment	<u>423,531</u>	<u>346,119</u>
	756,005	678,593
Less: accumulated depreciation	<u>(640,751)</u>	<u>(624,466)</u>
	115,254	54,127
Construction in progress	<u>36,598</u>	<u>-</u>
	<u>\$151,852</u>	<u>\$54,127</u>

Depreciation expense was \$16,285 and \$7,744, respectively, for the years ended June 30, 2022 and 2021.

**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 \$183,867 and \$127,492 during the fiscal years 2022 and 2021, 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.

**NOTE 4 - continued:**

During the years ended June 30, 2022 and 2021, the Station received operating subsidy appropriations of \$0 and \$134,000, 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 \$701,798 and \$683,699 for payroll, taxes and benefits for the years ended June 30, 2022 and 2021, respectively. The Station additionally paid BC \$127,307 and \$138,249 for overhead and for pass-through operating expenses (including broadcast tower leasing and professional fees for accounting and legal services) for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Station received net cash contributions of \$870,775 and \$512,386, respectively, through the Foundation after expenses. The Station uses proceeds from the Foundation for general operations and equipment purchases.

**NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS**

The net assets released from donor restrictions during the years ended June 30, 2022 and 2021 were expended primarily for capital projects and certain operating expenses 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>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose -		
Capital Projects – Transmitter and Console Board Replacement	\$2,179	\$54,552
Corporation for Public Broadcasting - American Rescue Plan Act Stabilization Grant	-	144,746
Subject to donor restrictions -		
Interest in endowment held by Foundation	50,200	50,200
	<u>\$52,379</u>	<u>\$249,498</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.

**NOTE 6 - continued:**

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>2022</u>	<u>2021</u>
Community Service Grant	\$95,727	\$111,079
American Rescue Plan Act Stabilization Grant	-	144,746
	<u>\$95,727</u>	<u>\$255,825</u>

**NOTE 8 - UNDERWRITER CONTRIBUTIONS**

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

	<u>2022</u>	<u>2021</u>
Local government agencies	\$16,632	\$9,380
Foundations and non-profit associations	8,618	4,660
Business and industry	47,263	30,010
	<u>\$72,513</u>	<u>\$44,050</u>

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

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

	<u>2022</u>	<u>2021</u>
Local government agencies	\$7,000	\$31,748
Foundations and non-profit associations	163,411	209,008
Business and industry	-	12,218
	<u>\$170,411</u>	<u>\$252,974</u>

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

Without donor restrictions	\$170,411	\$202,774
With donor restrictions	-	50,200
	<u>\$170,411</u>	<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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$767,873	\$761,729
Funds held as endowment (including earnings)	50,200	51,899
Receivable from Bellevue College Foundation	-	1,386
Donations receivable	14,579	9,949
Community support receivable	<u>20,329</u>	<u>9,733</u>
Available financial assets	852,981	834,696
Less: financial assets unavailable for general expenditures due to designations		
Donor imposed time/purpose restrictions	(2,179)	(199,298)
Funds held as endowment, including earnings	<u>(50,200)</u>	<u>(50,200)</u>
Available financial assets, net	<u><u>\$800,602</u></u>	<u><u>\$585,198</u></u>

## NOTE 11 - LEASE COMMITMENT

The Station leases space for an 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, 2022.

<u>Year Ending June 30,</u>	
2023	\$26,095

Rental expense charged to operations during the years ended June 30, 2022 and 2021 was \$42,223 and \$41,105, 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 are earnings are available for operations, equipment, facilities or as directed by the donors or the Board.



**NOTE 12 - continued:**

As of June 30, 2022, endowment fund net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$-	\$50,200	\$50,200

Changes to endowment fund's net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds, June 30, 2021	\$1,699	\$50,200	\$51,899
Interest and dividends	1,914	-	1,914
Realized and unrealized loss	(7,235)	-	(7,235)
Transfer	3,622	-	3,622
Donor restricted endowment funds, June 30, 2022	\$-	\$50,200	\$50,200

**Funds with Deficiencies –**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Endowment losses during the year totaling \$3,622 were made whole by transfer from other Station resources so that there was no deficiency as of June 30, 2022.

**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

**NOTE 12 - continued:**

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. During the year ended June 30, 2022, employees were gradually brought back on-site. Plans for reopening facilities to volunteers are under development.

During the year ended June 30, 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 remainder of that emergency funding was expended during the year ended June 30, 2022.

Management continues to monitor the impact of COVID-19 on operations, including fund-raising. The duration and intensity of the pandemic are uncertain but may influence donor decisions, investment performance, and may also negatively impact collections of Station's receivables.

## **NOTE 15 - SUBSEQUENT EVENTS**

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