

**KLCC-FM RADIO OF  
LANE COMMUNITY COLLEGE**

**AUDIT REPORT**

**Years Ended June 30, 2018 and 2017**

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## INDEPENDENT AUDITOR'S REPORT

January 10, 2019

Board of Education  
Lane Community College  
Eugene, Oregon

We have audited the accompanying financial statements of KLCC-FM Radio of Lane Community College as of and for the years ended June 30, 2018 and 2017, and KLCC Public Radio Foundation, its discretely presented component unit, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise KLCC-FM Radio of Lane Community College's basic financial statements as listed in the table of contents.

### *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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KLCC-FM Radio of Lane Community College as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended, and the financial position of KLCC Public Radio Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1, the financial statements of KLCC-FM Radio of Lane Community College are intended to present the financial position, changes in financial position and cash flows of only that portion of the financial reporting entity of Lane Community College that is attributable to the transactions of KLCC-FM Radio. They do not purport to, and do not, present fairly the financial position of Lane Community College as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements of KLCC-FM Radio of Lane Community College present the Station and its component unit, KLCC Public Radio Foundation, which was organized with the mission of building support for KLCC-FM Radio as a strong and valuable resource for the community. The Foundation is a discretely presented component unit and is reported separately in financial statements following those of the Station.

Our opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the radio station's annual financial performance provides an overview of the financial activities of KLCC-FM Radio of Lane Community College (KLCC) for the fiscal year ended June 30, 2018. The discussion is designed to assist the readers in understanding the accompanying financial statements through an objective and easily readable analysis of KLCC's financial activities.

### Overview of the Basic Financial Statements

The discussion and analysis serves as an introduction to KLCC's basic entity-wide financial statements. The entity-wide presentation is designed to provide readers with a broad overview of KLCC's finances, in a manner similar to a private sector business. These financial statements focus on KLCC's overall financial condition, its results of operations and its cash flows. The entity-wide statements are comprised of the following:

- The **Statement of Net Position** presents KLCC's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position are indicators of the improvement or erosion of KLCC's financial condition. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.
- The **Statement of Activities** presents the revenues earned and the expenses incurred during the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of the assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. Primary source of operating revenue is underwriting and grants and contracts for specific operating activities of KLCC. Contributions and Lane Community College support are classified as non-operating revenues.
- The **Statement of Cash Flows** presents information on cash flows from operating activities, non-capital financing activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and KLCC's ability to meet financial obligations as they become due.
- The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

### Financial Highlights

- KLCC finished fiscal year 2018 with a negative \$96 change in net position after 3 consecutive years of positive year balances. The small change in fund balance is KLCC commitment to cost containment.
- KLCC was able to increase cash and cash equivalents \$40.1 thousand or 4.9% over 2017 and 36.5 thousand or 4.4% 2016
- KLCC created a non-profit corporation, the KLCC Community Support Board, to assist the station with fundraising including soliciting major gifts and acquiring grants. The foundation changed their name to KLCC Public Radio Foundation. The foundation has been granted tax exempt status from the IRS and is presented as a component unit of KLCC.

Analysis of the Statement of Net Position

The Statement of Net Position includes all assets and liabilities of KLCC using the accrual basis of accounting. Net position is the difference between assets and liabilities. It is an important measure of the financial condition of KLCC.

	June 30,		
	2018	2017	2016
<b>Assets:</b>			
Cash and cash equivalents	\$ 864,932	\$ 824,797	\$ 828,407
Other current assets	-	12,125	6,835
Capital assets, net of accumulated depreciation	<u>1,381,336</u>	<u>1,445,559</u>	<u>1,516,274</u>
<b>Total Assets</b>	<u><u>\$ 2,246,268</u></u>	<u><u>\$ 2,282,481</u></u>	<u><u>\$ 2,351,516</u></u>
<b>Liabilities</b>	<u>\$ 38,496</u>	<u>\$ 74,613</u>	<u>\$ 156,796</u>
<b>Net Positions:</b>			
Invested in capital assets	1,381,336	1,445,559	1,516,274
Unrestricted	<u>826,436</u>	<u>762,309</u>	<u>678,446</u>
<b>Total net position</b>	<u>2,207,772</u>	<u>2,207,868</u>	<u>2,194,720</u>
<b>Total liabilities and net position</b>	<u><u>\$ 2,246,268</u></u>	<u><u>\$ 2,282,481</u></u>	<u><u>\$ 2,351,516</u></u>

At June 30, 2018 KLCC's current assets of \$864.9 thousand was sufficient to cover KLCC's current liabilities of \$38.5 thousand. This represents a current ratio of 22.5. Current assets consist primarily of cash and cash equivalents. Also included in noncurrent assets are capital assets (land, buildings, machinery and equipment) net of accumulated depreciation used to provide services.

Current liabilities consist of accounts payable, unearned revenue and compensated absences. Accrued vacation was \$36.4 thousand or 95% of total liabilities in 2018, \$43.5 thousand or 58% of total liabilities in 2017, and \$84.3 thousand or 54% in 2016.

Within Net Position, the "invested in capital assets" amount of \$1.4 million represents the total original cost of all of KLCC's land, buildings, machinery and equipment and infrastructure, less total accumulated depreciation on these assets.

Analysis of the Statement of Activities

The Statement of Activities presents the operating results of KLCC as well as the non-operating revenues and expenses.

	Years Ended June 30,		
	2018	2017	2016
Revenues:			
Underwriting	\$ 626,614	\$ 655,214	\$ 651,924
Grants and contracts	270,882	260,254	238,545
In-kind contributions	32,639	37,482	34,385
Contributions and membership	1,263,743	1,104,030	1,011,632
Lane Community College:			
General appropriation	47,482	276,652	245,840
Donated facilities and administrative support	330,587	352,888	344,218
Interest income	11,053	4,303	3,533
<b>Total revenues</b>	<b>2,583,000</b>	<b>2,690,823</b>	<b>2,530,077</b>
Expenses:			
Program services	1,231,687	1,329,440	1,245,117
Supporting services	1,287,186	1,277,520	1,179,550
Depreciation	64,223	70,715	70,716
<b>Total expenses</b>	<b>2,583,096</b>	<b>2,677,675</b>	<b>2,495,383</b>
Change in net position	(96)	13,148	34,694
Net position - beginning of year	2,207,868	2,194,720	2,160,026
Net position - end of year	<u>\$ 2,207,772</u>	<u>\$ 2,207,868</u>	<u>\$ 2,194,720</u>

**Revenues:**

Total operating revenues, which exclude College appropriations, of KLCC for fiscal years 2018, 2017 and 2016 were \$930.1 thousand, \$952.9 thousand and \$924.9 thousand. The primary source of operating revenue was from underwriting.

Non-operating revenues for fiscal year 2018 were \$1.65 million which is an \$85 thousand decrease over 2017. Contributions and membership is the largest share at \$1.2 million.

Total 2018 revenues show a decrease of 4.0% over 2017 and increase of 2.1% over 2016.

**Expenses:**

Total expenses of KLCC for the fiscal years were \$2.6 million for 2018, \$2.7 million for 2017 and \$2.5 million for 2016. Depreciation expense decreased to \$64.2 thousand. Program expenses decreased \$97.8 thousand or 7.4% from 2017 and \$13.4 thousand or 1.1% from 2016.

Total 2018 expenses show a decrease of 3.5% over 2017 and an increase of 3.5% over 2016.



Analysis of the Statement of Cash Flows

This statement provides an assessment of the financial health of KLCC. Its primary purpose is to provide relevant information about the cash receipts and cash payments of KLCC during a stated period. The statement of cash flows also helps users assess the ability of KLCC to meet obligations as they become due and the need for external financing.

In summary from the cash flows for the year were:

	<u>Years Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash Provided by (Used In):			
Operating Activities	\$ (1,282,143)	\$ (1,388,595)	\$ (1,161,098)
Noncapital Financing Activities	1,311,225	1,380,682	1,257,472
Capital Financing Activities	-	-	-
Investing Activities	11,053	4,303	3,533
Net increase (decrease) in cash	40,135	(3,610)	99,907
Cash - Beginning of year	824,797	828,407	728,500
Cash - End of year	<u>\$ 864,932</u>	<u>\$ 824,797</u>	<u>\$ 828,407</u>

The major sources of cash from operating activities include receipts from underwriting. Major uses were payments made to employees, employee benefit programs and vendors.

Contributions and membership and receipts from Lane Community College are the primary source of non-capital financing. Accounting standards require that KLCC reflect these sources of revenue as non-operating even though KLCC's budget depends on these revenues for ongoing operations.

**Requests for Information**

This financial report is designed to provide a general overview of KLCC-FM Radio of Lane Community College. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

College Finance  
 Lane Community College  
 4000 East 30<sup>th</sup> Avenue  
 Eugene, Oregon 97405-0640

## **BASIC FINANCIAL STATEMENTS**

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Statement of Net Position  
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 864,932	\$ 824,797
Prepaid expenses	-	12,125
Capital assets, net of accumulated depreciation	<u>1,381,336</u>	<u>1,445,559</u>
Total assets	<u>2,246,268</u>	<u>2,282,481</u>
<u>Liabilities</u>		
Accounts payable	2,096	585
Unearned revenue	-	30,432
Compensated absences	<u>36,400</u>	<u>43,596</u>
Total liabilities	<u>38,496</u>	<u>74,613</u>
<u>Net Position</u>		
Invested in capital assets	1,381,336	1,445,559
Unrestricted	<u>826,436</u>	<u>762,309</u>
Total net position	<u>\$ 2,207,772</u>	<u>\$ 2,207,868</u>

The accompanying notes are an integral part of this statement.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Statement of Activities  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Underwriting	\$ 626,614	\$ 655,214
Corporation for Public Broadcasting grant	270,882	260,254
In-kind contributions	32,639	37,482
Total operating revenues	<u>930,135</u>	<u>952,950</u>
Operating expenses:		
Program services:		
Programming and production	939,995	1,029,622
Broadcasting	267,957	271,240
Program information	23,735	28,578
Total program services	<u>1,231,687</u>	<u>1,329,440</u>
Supporting services:		
Management and general	681,240	701,573
Fund raising and membership development	386,697	390,346
Underwriting and grant solicitation	219,249	185,601
Total supporting services	<u>1,287,186</u>	<u>1,277,520</u>
Depreciation	64,223	70,715
Total operating expenses	<u>2,583,096</u>	<u>2,677,675</u>
Operating loss	<u>(1,652,961)</u>	<u>(1,724,725)</u>
Nonoperating revenues:		
Contributions and memberships	1,263,743	1,104,030
Lane Community College:		
General appropriation	47,482	276,652
Donated facilities and administrative support	330,587	352,888
Interest income	11,053	4,303
Total nonoperating revenues	<u>1,652,865</u>	<u>1,737,873</u>
Change in net position	(96)	13,148
Net position - beginning of year	<u>2,207,868</u>	<u>2,194,720</u>
Net position - end of year	<u>\$ 2,207,772</u>	<u>\$ 2,207,868</u>

The accompanying notes are an integral part of this statement.

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Statement of Cash Flows  
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from underwriting	\$ 626,614	\$ 655,214
Receipts from grant	240,450	245,214
Payments to employees for services	(1,389,413)	(1,448,834)
Payments to suppliers for goods and services	(759,794)	(840,189)
Net cash used in operating activities	(1,282,143)	(1,388,595)
Cash flows from non-capital financing activities:		
Receipts from contributions and memberships	1,263,743	1,104,030
Receipts from Lane Community College general appropriation	47,482	276,652
Net cash provided by non-capital financing activities	1,311,225	1,380,682
Cash flows from investing activities:		
Interest on investments	11,053	4,303
Net increase-(decrease) in cash and cash equivalents	40,135	(3,610)
Cash and cash equivalents - beginning of year	824,797	828,407
Cash and cash equivalents - end of year	\$ 864,932	\$ 824,797
Noncash investing, capital and financing activities:		
Donated facilities and administrative support revenue	\$ 330,587	\$ 352,888
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,652,961)	\$ (1,724,725)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Donated facilities and administrative support expense	330,587	352,888
Depreciation	64,223	70,715
Decrease-(increase) in prepaid expenses	12,125	(5,290)
Increase-(decrease) in:		
Accounts payable	1,511	(26,478)
Unearned revenue	(30,432)	(15,040)
Compensated absences	(7,196)	(40,665)
Total adjustments	370,818	336,130
Net cash used in operating activities	\$ (1,282,143)	\$ (1,388,595)

The accompanying notes are an integral part of this statement.

# KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

## Notes to Financial Statements Years Ended June 30, 2018 and 2017

### 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of KLCC-FM Radio of Lane Community College have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Station's accounting policies are described below.

#### (A) Organization and Operation

KLCC-FM Radio is operated by Lane Community College (the institutional licensee). Lane Community College records the transactions of the Station within the College's financial statements. Because the Station's financial statements present only a selected portion of the activities of Lane Community College, they are not intended to and do not present the financial position, changes in financial position and cash flows of the College as a whole.

#### (B) Description of the Reporting Entity

The financial statements of KLCC-FM Radio present the Station and its component unit, KLCC Public Radio Foundation, which was organized with the mission of building support for KLCC-FM Radio as a strong and valuable resource for the community. The Foundation is a discretely presented component unit and is reported separately in financial statements following those of the Station.

The Foundation is a legally separate, tax-exempt entity and acts primarily as a fund raising organization to supplement the resources that are available to the Station in support of its programs. The board of directors of the Foundation is self-perpetuating. Although the Station does not control the timing or amount of receipts from the Foundation, the majority of resources that the Foundation holds and invests are restricted to the activities of the Station. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the Station, the Foundation is considered a component unit of the Station and is discretely presented in these financial statements.

The Foundation reports as a not-for-profit organization under Financial Accounting Standards Board (FASB) standards. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the Station's financial reporting entity for these differences.

During the year ended June 30, 2018, the Foundation provided a contribution of \$125,000 to the Station. This contribution is included in contributions and memberships revenues in the Station's financial statements and is shown as a program services expense in the Foundation's financial statements.

# KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

## 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

### (C) Measurement Focus and Basis of Accounting

The government-wide financial statements of the Station are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Station's ongoing operations. The principal operating revenues of the Station are underwriting and grants for specific operating activities of the Station. Operating expenses include the cost of program services and support services, and depreciation on capital assets. Other revenues, typically from non-exchange transactions, such as contributions and memberships and the appropriation from Lane Community College, are not generated from operations and are considered nonoperating revenues.

### (D) Cash and Cash Equivalents

Cash balances of the Station are pooled in bank accounts maintained by Lane Community College. For purposes of the statement of cash flows, cash and cash equivalents include the Station's portion of the College's pooled accounts. The pooled accounts have the general characteristics of a demand deposit account.

### (E) Capital Assets

Capital assets include broadcasting rights and equipment with a useful life greater than one year. The Station's capitalization threshold is \$10,000 for all capital assets. Donated assets are recorded at their fair value on the date donated. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred.

Capital assets are depreciated using the straight-line method over a 5 to 25 year estimated life.

# KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

## 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

### (F) Unearned Revenue

Unearned revenue consists of amounts received from grants in excess of amounts expended.

### (G) Compensated Absences

Vacation payable is expected to be paid with future resources and is recorded in the government-wide financial statements as earned by employees.

### (H) Indirect Administrative Support

Indirect administrative support consists of allocated support service costs and plant operation costs incurred by the College on behalf of the Station. These costs are recorded as revenues and expenditures by the Station at estimated fair values.

### (I) Restrictions

When restricted and unrestricted resources are available for use, restricted resources are used first.

### (J) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2 - CASH AND INVESTMENTS:

Cash and investments are included in the Lane Community College cash and investments pool. Readers of these financial statements are referred to the College's comprehensive annual financial report for information regarding the extent deposits at the College are collateralized.



KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

3 - CAPITAL ASSETS:

The following is a summary of changes in the Station's capital assets during the fiscal years:

<b>Year Ended June 30, 2018:</b>	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b>Capital assets not being depreciated:</b>				
Land	\$ 320,613	\$ -	\$ -	\$ 320,613
Broadcasting rights	75,000	-	-	75,000
Total capital assets not being depreciated	<u>395,613</u>	<u>-</u>	<u>-</u>	<u>395,613</u>
<b>Capital assets being depreciated:</b>				
Building	1,137,034	-	-	1,137,034
Equipment	688,252	-	-	688,252
Total capital assets being depreciated	<u>1,825,286</u>	<u>-</u>	<u>-</u>	<u>1,825,286</u>
<b>Accumulated depreciation:</b>				
Building	341,334	33,382	-	374,716
Equipment	434,006	30,841	-	464,847
Total accumulated depreciation	<u>775,340</u>	<u>64,223</u>	<u>-</u>	<u>839,563</u>
Total capital assets being depreciated, net	<u>1,049,946</u>	<u>(64,223)</u>	<u>-</u>	<u>985,723</u>
Net capital assets	<u>\$ 1,445,559</u>	<u>\$ (64,223)</u>	<u>\$ -</u>	<u>\$ 1,381,336</u>
<b>Year Ended June 30, 2017:</b>				
	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
<b>Capital assets not being depreciated:</b>				
Land	\$ 320,613	\$ -	\$ -	\$ 320,613
Broadcasting rights	75,000	-	-	75,000
Total capital assets not being depreciated	<u>395,613</u>	<u>-</u>	<u>-</u>	<u>395,613</u>
<b>Capital assets being depreciated:</b>				
Building	1,137,034	-	-	1,137,034
Equipment	688,252	-	-	688,252
Total capital assets being depreciated	<u>1,825,286</u>	<u>-</u>	<u>-</u>	<u>1,825,286</u>
<b>Accumulated depreciation:</b>				
Building	307,951	33,383	-	341,334
Equipment	396,674	37,332	-	434,006
Total accumulated depreciation	<u>704,625</u>	<u>70,715</u>	<u>-</u>	<u>775,340</u>
Total capital assets being depreciated, net	<u>1,120,661</u>	<u>(70,715)</u>	<u>-</u>	<u>1,049,946</u>
Net capital assets	<u>\$ 1,516,274</u>	<u>\$ (70,715)</u>	<u>\$ -</u>	<u>\$ 1,445,559</u>

KLCC-FM RADIO OF LANE COMMUNITY COLLEGE

Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

4 - OPERATING LEASES:

The Station is obligated under noncancelable operating leases for tower facilities and paid \$24,307 in rent during the 2017-18 fiscal year. The following is a schedule of estimated future minimum rental payments:

2018-19	\$ 21,944
2019-20	21,149
2020-21	2,402

KLCC PUBLIC RADIO FOUNDATION  
Statement of Financial Position  
June 30, 2018

Assets

Cash and cash equivalents	\$ 129,279
Accounts receivable	3,900
Grants receivable	<u>9,965</u>
Total assets	<u>\$ 143,144</u>

Liabilities and Net Assets

Liabilities:	
Unearned revenue	<u>\$ 35,000</u>
Net assets:	
Unrestricted	79,128
Temporarily restricted	29,016
Permanently restricted	<u>-</u>
Total net assets	<u>108,144</u>
Total liabilities and net assets	<u>\$ 143,144</u>

The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION  
Statement of Activities  
Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Contributions	\$ 197,633	\$ 10,965	\$ -	\$ 208,598
Fundraising events	13,411	18,051	-	31,462
Investment earnings	65	-	-	65
	<u>211,109</u>	<u>29,016</u>	<u>-</u>	<u>240,125</u>
Total revenues and other support				
Expenses and losses:				
Program services:				
KLCC-FM Radio operations	125,000	-	-	125,000
News and journalism	1,078	-	-	1,078
	<u>126,078</u>	<u>-</u>	<u>-</u>	<u>126,078</u>
Total program services				
Supporting services:				
General administration	6,704	-	-	6,704
Fundraising events	6,585	-	-	6,585
	<u>13,289</u>	<u>-</u>	<u>-</u>	<u>13,289</u>
Total supporting services				
Total expenses and losses	<u>139,367</u>	<u>-</u>	<u>-</u>	<u>139,367</u>
Change in net assets	71,742	29,016	-	100,758
Net assets, July 1, 2017	<u>7,386</u>	<u>-</u>	<u>-</u>	<u>7,386</u>
Net assets, June 30, 2018	<u>\$ 79,128</u>	<u>\$ 29,016</u>	<u>\$ -</u>	<u>\$ 108,144</u>

The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION  
Statement of Cash Flows  
Year Ended June 30, 2018

Cash flows from operating activities:

Revenues collected:

Contributions	\$ 233,633
Fundraising events	27,562
Investment earnings	<u>65</u>

Total revenues collected	<u>261,260</u>
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Expenses paid:

Program services	126,078
Supporting services	<u>13,289</u>

Total expenses paid	<u>139,367</u>
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Net cash provided by operating activities	121,893
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Cash and cash equivalents, July 1, 2017	<u>7,386</u>
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Cash and cash equivalents, June 30, 2018	<u><u>\$ 129,279</u></u>
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Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	<u>\$ 100,758</u>
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Adjustments to reconcile change in net assets to net cash provided by operating activities:

Increase in accounts receivable	(3,900)
Increase in grants receivable	(9,965)
Increase in unearned revenue	<u>35,000</u>

Total adjustments	<u>21,135</u>
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Net cash provided by operating activities	<u><u>\$ 121,893</u></u>
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The accompanying notes are an integral part of this statement.

KLCC PUBLIC RADIO FOUNDATION  
Notes to Financial Statements  
Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KLCC Public Radio Foundation (the Foundation) is a not-for-profit corporation which was organized with the mission of building support for KLCC-FM Radio as a strong and valuable resource for the community. The primary functions of KLCC Public Radio Foundation are to fundraise, advocate, and provide community outreach in support of KLCC-FM Radio. The Foundation raises and donates funds to assist the radio station. The primary revenue sources for the Foundation are donor contributions and fundraising activities. The Foundation is governed by a board of directors which is self-perpetuating.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Financial Statement Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the entity and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as released from restrictions. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the entity. Generally, the donors of permanently restricted net assets permit the entity to use all or part of the income earned on any related investments for general or specific purposes.

Policy for Endowed Funds

The accounting procedure for endowed funds conforms to the Foundation's policy for endowed funds. Endowments may be utilized to help sustain the radio station.

KLCC PUBLIC RADIO FOUNDATION  
Notes to Financial Statements  
Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Policy/ Spending Policy

KLCC Public Radio Foundation is responsible for selecting investments appropriate for objectives and revenue needs based on board values and goals. The Foundation will establish goals for the organization's financial portfolio. The Foundation will enlist the professional assistance of investment organizations to manage its assets when appropriate. These organizations, whether community foundations or individual firms, are to be selected following procedures specified by the Foundation. An investment committee comprised of at least three KLCC Public Radio Foundation members and one member of the community will meet at least annually to review assets and investments and bring recommendations to the board of directors for approval.

Funds from KLCC Public Radio Foundation will be transferred to KLCC-FM Radio in compliance with laws, Lane Community College policies and the KLCC Public Radio Foundation's bylaws, working agreement and gift agreements. The Foundation will award funds to KLCC-FM Radio based on budgeted expenses and cash flow and upon approval by the Foundation for the allocation of funds for operations, capital improvements, projects and services.

Funds received by the KLCC Public Radio Foundation for KLCC-FM Radio will be distributed to the radio station as prescribed by the funder or as outlined in the application proposals granted to the radio station with written documentation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a checking account and cash in a money market account at a financial institution.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Promises to give which are, in substance, unconditional and grants receivable are recorded as unrestricted, temporarily restricted, or permanently restricted support at the time the promise or grant is made.

KLCC PUBLIC RADIO FOUNDATION  
Notes to Financial Statements  
Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Contributions (Contd)

Donor-restricted support is recorded as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction, except for temporarily restricted support received and fully expended during the year which is recorded as unrestricted support. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unearned Revenue

Unearned revenue consists of grant proceeds which will be recognized as earned revenue when eligibility requirements have been met.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from Oregon excise taxes under applicable state law.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2018:

Cash in checking account	\$ 39,214
Cash in money market account	<u>90,065</u>
Total cash and cash equivalents	<u><u>\$ 129,279</u></u>

The Foundation maintains a checking account and a money market account at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Amounts on deposit may sometimes exceed FDIC coverage.

Investment earning during the year consisted of \$65 earned on the Foundation's money market account.



KLCC PUBLIC RADIO FOUNDATION  
Notes to Financial Statements  
Year Ended June 30, 2018

3. TEMPORARILY RESTRICTED NET ASSETS

Net assets include temporarily restricted funds. Temporarily restricted net assets consist of the following at June 30, 2018:

Restricted to support local reporting/support the KLCC news team	\$ 18,051
Restricted to support <i>Native Voices</i> , a 12-month series of in-depth audio reports	9,965
Restricted for news and the program <i>Front Porch</i>	500
Restricted for educational programming	<u>500</u>
Total	<u><u>\$ 29,016</u></u>

4. PERMANENTLY RESTRICTED NET ASSETS

The Foundation had no permanently restricted net assets at June 30, 2018.

5. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events for potential required disclosure through January 10, 2019, which is the date the financial statements were available to be issued.