

**KRVM 91.9 – 1280 KRVM AM  
EUGENE, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

**KRVM 91.9 – 1280 KRVM AM**

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	<i>i</i>
Basic Financial Statements:	
Statements of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Supplementary Information:	
Schedule of Expenses by Entity for years ended June 30, 2017 and 2016	13

**This Page Intentionally Left Blank**



**PAULY, ROGERS, AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

October 23, 2017

KRVM 91.9 – 1280 KRVM AM  
Lane County, Oregon

## INDEPENDENT AUDITORS' REPORT

### **Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of KRVM – Radio of Lane County School District 4J as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Basic Financial Statements**

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting estimates made by management, as well as evaluating the overall presentation of the basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of KRVM – Radio of Lane County School District 4J as of June 30, 2017 and 2016, respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

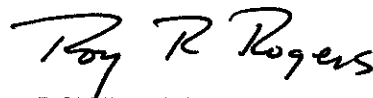
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, 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 but since KRVM's reports are displayed on the same basis as its institutional licensee (Lane County School District No. 4J) who is a governmental entity, it 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 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

As management of KRVM - Radio of Lane County School District No. 4J (the Station), we offer readers of the Station's financial statements this narrative overview and analysis of the financial activities of the Station for the fiscal year ended June 30, 2017.

**FINANCIAL HIGHLIGHTS**

- The assets of the Station exceeded its liabilities by \$362,321 at June 30, 2017. Of this amount, \$27,878 is restricted for grants, \$162,170 is net investment in capital assets, and the remaining \$172,273 is unrestricted and available to meet the Station's ongoing obligations to citizens and creditors.
- The activities of the year resulted in an increase of \$72,300 in the Station's Net Position.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Station's financial statements. The Station's financial statements consist of five components: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Cash Flows, 4) Notes to the Financial Statements, and 5) Statements of Functional Expenses.

*The Statements of Net Position.* The statements of net position present information on all of the assets and liabilities of the Station as of the dates on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

*The Statements of Revenues, Expenses and Changes in Net Position.* The statements of revenues, expenses and changes in net position present information showing how the net position of the Station changed over the most recent fiscal years by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

*The Statements of Cash Flows.* The statements of cash flows present information on the inflows and outflows of the Station's cash. The change in net cash is reconciled to the sources and uses of cash during the year.

*The Notes to the Financial Statements.* The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Station's financial statements.

*The Statements of Functional Expenses.* The statements of functional expenses present detailed information on the expenses of the Station for the years presented. Program Services include Production Planning, Broadcasting, and Program Information. Support Services include Management and General, Membership Development, and Underwriting and Grants. Expenses are detailed for each of these categories.

## FINANCIAL ANALYSIS

*Statements of Net Position* The statement of net position below is provided on a comparative basis.

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Station, assets exceeded liabilities by \$362,321 and \$290,021 as of June 30, 2017 and 2016, respectively.

	<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 195,266	\$ 111,959
Accounts and Other Receivables	18,684	22,679
Receivable from Lane County School District 4J	-	-
<i>Total Current Assets</i>	<u>213,950</u>	<u>134,638</u>
<b>Noncurrent Assets</b>		
Capital Assets, net of Accumulated Depreciation	<u>162,170</u>	<u>164,693</u>
<i>Total Assets</i>	<u>376,120</u>	<u>299,331</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued Compensated Absences	<u>13,799</u>	<u>9,310</u>
Total Current Liabilities	<u>13,799</u>	<u>9,310</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	162,170	164,693
Restricted for Grants	27,878	-
Unrestricted	<u>172,273</u>	<u>125,328</u>
Total Net Position	<u>\$ 362,321</u>	<u>\$ 290,021</u>

**Statements of Revenues, Expenses and Changes in Net Position** During the current fiscal year, the Station's net position increased by \$72,300 compared to an increase of \$93,344 in the prior fiscal year. The key elements of the change in the Station's net position for the year ended June 30, 2017 are as follows:

- Total revenues decreased \$42,698 (5.9 percent) over the prior year.
- Program Services expenses decreased by \$23,932 (9.0 percent) from the previous year.
- Support Services expenses increased by \$6,637 (1.8 percent) from the previous year.

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Contributions and Membership	\$ 201,190	\$ 216,476
Underwriting	221,766	237,814
Tower Rental	46,290	44,517
Lane County School District No. 4J		
Donated Facilities and Administrative Support	36,329	42,034
Payment for Services	3,283	3,232
Corporation for Public Broadcasting Grant	130,672	130,133
Miscellaneous Grants	2,000	-
In-Kind Contributions	42,921	52,943
	<u>684,451</u>	<u>727,149</u>
<i>Total Revenues</i>		
<b>EXPENSES</b>		
Program Services	243,073	267,005
Support Services	369,078	362,441
Other Expenses and Losses	-	4,359
	<u>612,151</u>	<u>633,805</u>
<i>Total Expenses</i>		
<b>CHANGES IN NET POSITION</b>	72,300	93,344
<b>BEGINNING NET POSITION</b>	<u>290,021</u>	<u>196,677</u>
<b>ENDING NET POSITION</b>	<u>\$ 362,321</u>	<u>\$ 290,021</u>

## REQUESTS FOR INFORMATION

This financial report is designed to present the user (listeners, taxpayers, investors, and other interested parties) with a general overview of the Station's finances and to demonstrate the Station's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Financial Services, P.M.B. #237, 1574 Coburg Road, Eugene, Oregon 97401.



**This Page Intentionally Left Blank**

**KRVM 91.9 – 1280 KRVM AM  
EUGENE, OREGON**

**BASIC FINANCIAL STATEMENTS**

This Page Intentionally Left Blank

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J**

Statements of Net Position

At of June 30, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 195,266	\$ 111,959
Pledges receivable, net	-	305
Other receivables, net	18,684	22,374
Related party receivables	-	-
Total Current Assets	<u>213,950</u>	<u>134,638</u>
Capital Assets		
Intangible assets, net	139,622	139,622
Buildings and equipment, net of accumulated depreciation	22,548	25,071
Total Capital Assets	<u>162,170</u>	<u>164,693</u>
Total Assets	<u>\$ 376,120</u>	<u>\$ 299,331</u>
Liabilities and Net Position		
Current Liabilities		
Accrued vacation	\$ 13,799	\$ 9,310
Total Current Liabilities	<u>13,799</u>	<u>9,310</u>
Total Liabilities	<u>13,799</u>	<u>9,310</u>
Net Position		
Net Investment in Capital Assets	162,170	164,693
Restricted for Grants	27,878	-
Unrestricted	172,273	125,328
Total Net Position	<u>362,321</u>	<u>290,021</u>
Total Liabilities and Net Position	<u>\$ 376,120</u>	<u>\$ 299,331</u>

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J**

## Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2017 and 2016

	For the Year Ended June 30,	
	2017	2016
Revenues		
Contributions and Membership	\$ 203,190	\$ 216,476
Underwriting	221,766	237,814
Tower Rental	46,290	44,517
Corporation for Public Broadcasting Grant	130,672	130,133
Lane County School District No. 4J		
Donated Facilities and Administrative Support (In-Kind)	36,329	42,034
Payment for Services	3,283	3,232
In-Kind Contributions	42,921	52,943
Total Revenues	<u>684,451</u>	<u>727,149</u>
Expenses		
Program Services		
Programming and Productions	63,650	72,847
Broadcasting	172,770	185,678
Program Information	6,653	8,480
Total Program Expenses	<u>243,073</u>	<u>267,005</u>
Support Services		
Management and General	205,750	202,242
Fundraising and Membership Development	79,270	62,932
Underwriting and Grant Solicitation	84,058	97,267
Total Support Expenses	<u>369,078</u>	<u>362,441</u>
Other Expenses		
Loss on Disposal of Asset	-	4,359
Total Expenses	<u>612,151</u>	<u>633,805</u>
Change in Net Position	72,300	93,344
Beginning Net Position	<u>290,021</u>	<u>196,677</u>
Ending Net Position	<u>\$ 362,321</u>	<u>\$ 290,021</u>

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J**

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$ 72,300	\$ 93,344
Noncash Items Included in Income:		
Depreciation	8,443	4,803
Decrease, (Increase) In:		
Accounts Receivable	3,995	3,495
Increase, (Decrease) In:		
Accounts Payable	-	-
Accrued Expenses	4,489	(1,089)
	<u>89,227</u>	<u>100,553</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for property and equipment	(5,920)	(4,503)
	<u>(5,920)</u>	<u>(4,503)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,307	96,050
Cash and Cash Equivalents at Beginning of Year	<u>111,959</u>	<u>15,909</u>
Cash and Cash Equivalents and Investments at End of Year	<u>\$ 195,266</u>	<u>\$ 111,959</u>
<b>OTHER NONCASH ACTIVITY</b>		
Donated revenues/expenses	<u>\$ 79,250</u>	<u>\$ 94,977</u>

**This Page Intentionally Left Blank**

**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

1. NATURE OF OPERATIONS

KRVM – Radio (KRVM) is operated by Lane County School District No. 4J, Eugene, Oregon (the institutional licensee). Lane County School District No. 4J records the activities of the station in the District’s financial statements. Because these financial statements present only a selected portion of the activities of Lane County School District No. 4J, they are not intended to and do not present the financial positions, results of operations and cash flows for the District as a whole.

These financial statements are prepared in accordance with generally accepted accounting principles and in compliance with the Corporation for Public Broadcasting (CPB), *Principles of Accounting and Financial reporting for Public Telecommunications Entities*, as required by the CPB.

Even though KRVM is a non-profit entity without any governmental activities, they have prepared their basic financial statements in accordance with governmental accounting standards in order to reflect activity in a similar manner as Lane County School District No. 4J. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and has been followed by the District. Those standards have been applied here to allow comparability except for contributions which follow FASB rules. The more significant accounting policies are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

These financial statements meet the requirements established for use by governmentally licensed broadcast stations on the accrual basis of accounting.

B. NET POSITION

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on assets use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

C. CASH AND CASH EQUIVALENTS

For basic financial statement purposes, all highly liquid investments with an original maturity of three months or less from the date of purchase are considered to be cash equivalents.



**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. USE OF ESTIMATES

The preparation of the basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. CONTRIBUTIONS AND DEFERRED REVENUE

Contributions and pledges are recognized in accordance with FASB ACS 958-605. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Currently KRVM has \$27,878 in restricted funds. Grant funds are recorded as revenues when earned.

F. ACCOUNTS AND PLEDGES RECEIVABLE

Unconditional accounts and pledges receivable, less an allowance for uncollectible amounts, are recognized as revenues in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. The allowance for uncollectible pledges is an estimate based on management's knowledge of historical pledge collection rates.

G. NONCASH CONTRIBUTIONS

Noncash contributions are recorded as revenue or expense at their estimated fair value at the date of receipt. Noncash contributions consist of donated programs, promotions, services, materials, and other in-kind contributions. For the years ended June 30, 2017 and 2016, respectively, there were \$36,329 and \$42,034 in donations from Lane County School District 4J and \$42,921 and \$52,943 in in-kind contributions.

H. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (CONTINUED)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

I. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among program and support services based on total personnel costs or other systematic basis.

J. CAPITAL ASSETS

Capital assets are recorded at cost. Purchases exceeding \$5,000 and a useful life in excess of one year are capitalized. Costs of repairs and maintenance are expensed as incurred. Expenditures for property, equipment and major repairs that extend useful lives or add function are capitalized. When capital assets are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Donated property and equipment is recorded at estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor.

Capital assets are depreciated using the straight-line method over estimated useful lives ranging from three to thirteen years for equipment and ten to forty years for buildings.

**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**K. PROGRAM UNDERWRITING**

Revenue for program underwriting is recognized over the period covered. Expenditures of unrestricted funds are recognized as expenses when incurred. Costs incurred for programs that have not been broadcast are recorded as prepaid expenses. Revenues related to program underwriting for the years ended June 30, 2017 and 2016 were \$221,766 and \$237,814, respectively.

**3. CONCENTRATIONS OF CREDIT RISK**

KRVM has two bank accounts that hold the station's funds. One is maintained by KRVM the other is maintained by the School District and is held in a pool with the School District's other funds. In the case of deposits, there is a risk that in the event of a bank failure, the deposits may not be returned. As of June 30, 2017 and 2016 the insured bank balances were \$4,121 and \$19,233, respectively.

**4. ACCOUNTS AND PLEDGES RECEIVABLE**

Accounts and pledges receivable are summarized as follows on June, 30:

	2017	2016
Accounts Receivable	\$ 18,684	\$ 22,374
Pledges Receivable	-	305
Total Receivables	\$ 18,684	\$ 22,679

**5. PENSION PLAN**

KRVM contracts with the Lane County School District 4J for all employees who are members of PERS. All PERS contributions are made by the District on the KRVM payroll and are included in the District's financial statements. Total employer PERS contributions for the years ended June 30, 2017 and 2016 were \$33,775 and \$33,838, respectively.

**6. CAPITAL ASSETS**

The following is a summary of the capital asset activity for the year ended June 30, 2017:

	July 1, 2016	Adjustments	Additions	Deletions	June 30, 2017
Capital Assets, Non-Depreciable					
Intangible Assets	\$ 139,622	\$ -	\$ -	\$ -	\$ 139,622
Capital Assets, Depreciable					
Equipment	\$ 582,089	\$ -	\$ 5,920	\$ -	\$ 588,009
Total Capital Assets, Depreciable	582,089	-	5,920	-	588,009
Accumulated Depreciation					
Equipment	557,018	-	8,443	-	565,461
Total Accumulated Depreciation	557,018	-	8,443	-	565,461
Total Capital Assets, Depreciable, Net	\$ 25,071				\$ 22,548

**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

**6. CAPITAL ASSETS (CONTINUED)**

On June 30, 2017 and 2016, intangible assets consisted of licenses for two radio stations. The purchased licenses covered the following radio stations: KRVM 91.9 and 1280 KRVM AM. Purchased licenses are recorded at cost, and donated licenses are recorded at the fair market value at the time of donation. Licenses are considered to have indefinite lives. Accordingly, these intangible assets are not amortized.

**7. CONTINGENT LIABILITY**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Corporation for Public Broadcasting. The amounts, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although KRVM expects such amounts, if any, to be immaterial.

Management has represented that there are no contingent liabilities that require disclosure or recognition. Such contingent liabilities would include, but not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

**8. OPERATING LEASES**

KRVM currently has four operating leases with four different entities for building rentals and equipment. KRVM, through the Eugene School District, entered into a contract with California Oregon Broadcasting, Inc. on May 1, 2008 to run through April 30, 2018 to rent a building, tower and transmitting facilities, paid in quarterly payments of \$4,350 each. The operating lease obligation paid for the year ended June 30, 2017, was \$17,400.

On July 1, 2009 KRVM, through the Eugene School District, entered into a contract with Combined Communications, Inc. for the use of a tower site with its towers and connecting equipment. The contract is set to expire on June 30, 2019 with the option to renew in 2019 for an additional ten years. On February 1, 2017 there was an Assignment of Lease between Combined Communications, Inc. and Daniel J. Kersey and Christine A. Kersey. The rental expense per month is \$4,052 less an in-kind donation of \$607 for a net cash payment of \$3,445. The rental expense paid for 2016-17 was \$40,183.

**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

**8. OPERATING LEASES (CONTINUED)**

KRVM, through the Eugene School District, entered into a new agreement on January 1, 2017 to run through December 31, 2021 with Central Lincoln People’s Utility District for the usage of and ability to install equipment on a building and a tower. The monthly payments were \$166 for a total annual expense for the year ended June 30, 2017 of \$1,996.

On July 1, 2015 KRVM, through the Eugene School District, entered into an agreement to extend a prior lease with the City of Oakridge for a communications site to last until July 1, 2020. The monthly rent for the lease is \$1, for an annual total of \$12.

Future minimum lease payments for each contract are:

	California Oregon Broadcasting, Inc.	Combined Communications (D.Kersey & C. Kersey)	Central Lincoln Public Utility District	City of Oakridge	Totals
Future Payments					
2017-18	\$ 14,501	\$ 41,340	\$ 1,996	\$ 12	\$ 57,849
2018-19	-	41,340	1,996	12	43,348
2019-20	-	-	1,996	12	2,008
2020-21	-	-	1,996	-	1,996
2021-22	-	-	998	-	998
Total	<u>\$ 14,501</u>	<u>\$ 82,680</u>	<u>\$ 8,982</u>	<u>\$ 36</u>	<u>\$ 106,199</u>

**9. IN-KIND CONTRIBUTIONS**

In-kind contributions of property and professional services recorded as revenue and expense in the accompanying statements of revenues, expenses and changes in net position consist of the estimated fair value for the following:

	2017	2016
Legal and Other Professional Services	\$ -	\$ 120
Rental Value of Space	7,296	6,940
Station Operating Expense	28,435	39,817
Fundraising Membership	7,190	6,066
Total In-Kind Contributions	<u>\$ 42,921</u>	<u>\$ 52,943</u>

The above table does not include in-kind contributions from Lane County School District.

**KRVM 91.9 – KRVM 1280 AM**  
**EUGENE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

**10. CONCENTRATIONS OF REVENUE**

The Corporation for Public Broadcasting, KRVM's primary grantor agency, is a major source of grant revenue used for both operations and special projects. Should funding from CPB cease, the Station finances would be substantially impacted. There are currently no known indications that this funding will cease.

**This Page Intentionally Left Blank**

**SUPPLEMENTARY INFORMATION**



**This Page Intentionally Left Blank**

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J**

Statements of Functional Expenses

For the Years Ended June 30, 2017 and 2016

2017

	Program Services			Total
	Production Planning	Broadcasting	Program Information	
Salaries, Wages and Benefits	\$ 63,650	\$ 84,373	\$ -	\$ 148,023
Property Services	-	58,307	-	58,307
Professional Services	-	17,400	-	17,400
Travel	-	-	-	-
Communication	-	-	6,653	6,653
Supplies and Materials	-	12	-	12
Non-consumable Items	-	-	-	-
Computer Software and Hardware	-	4,179	-	4,179
Dues and Fees	-	56	-	56
Depreciation	-	8,443	-	8,443
<b>Total Expenses</b>	<b>\$ 63,650</b>	<b>\$ 172,770</b>	<b>\$ 6,653</b>	<b>\$ 243,073</b>

2016

	Program Services			Total
	Production Planning	Broadcasting	Program Information	
Salaries, Wages and Benefits	\$ 72,847	\$ 97,254	\$ -	\$ 170,101
Property Services	-	51,392	-	51,392
Professional Services	-	24,819	-	24,819
Travel	-	-	-	-
Communication	-	-	8,480	8,480
Supplies and Materials	-	50	-	50
Non-consumable Items	-	-	-	-
Computer Software and Hardware	-	5,738	-	5,738
Dues and Fees	-	61	-	61
Depreciation	-	6,364	-	6,364
<b>Total Expenses</b>	<b>\$ 72,847</b>	<b>\$ 185,678</b>	<b>\$ 8,480</b>	<b>\$ 267,005</b>

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J**

Statements of Functional Expenses

For the Years Ended June 30, 2017 and 2016

2017

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 138,390	\$ 46,576	\$ 84,058	\$ 269,024
Property Services	23,815	-	-	23,815
Professional Services	25,377	-	-	25,377
Travel	1,204	-	-	1,204
Communication	984	6,585	-	7,569
Supplies and Materials	13,290	26,109	-	39,399
Non-consumable Items	1,327	-	-	1,327
Computer Software and Hardware	624	-	-	624
Dues and Fees	739	-	-	739
Depreciation	-	-	-	-
<b>Total Expenses</b>	<b>\$ 205,750</b>	<b>\$ 79,270</b>	<b>\$ 84,058</b>	<b>\$ 369,078</b>

2016

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 125,538	\$ 31,393	\$ 97,267	\$ 254,198
Property Services	20,991	-	-	20,991
Professional Services	36,198	-	-	36,198
Travel	1,970	-	-	1,970
Communication	817	5,417	-	6,234
Supplies and Materials	14,060	26,122	-	40,182
Non-consumable Items	1,003	-	-	1,003
Computer Software and Hardware	857	-	-	857
Dues and Fees	808	-	-	808
Depreciation	-	-	-	-
<b>Total Expenses</b>	<b>\$ 202,242</b>	<b>\$ 62,932</b>	<b>\$ 97,267</b>	<b>\$ 362,441</b>