

KRVM 91.9 – 1280 KRVM AM
EUGENE, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



**12700 SW 72nd Ave.
Tigard, OR 97223**

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

**FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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KRVM 91.9 – 1280 KRVM AM

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December 2, 2019

KRVM 91.9 – 1280 KRVM AM
Eugene, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of KRVM – Radio (the Station) of Eugene School District 4J as of and for the years ended June 30, 2019 and 2018, 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 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 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 Eugene School District 4J as of June 30, 2019 and 2018, 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.

Emphasis of Matter

The Station adopted the provisions of GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and GASB Statement No. 83 *Certain Asset Retirement Obligations*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America does not require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is shown since KRVM's reports are displayed on the same basis as its institutional licensee (Eugene 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 on it.

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 Schedules of Functional Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Functional Expenses are the responsibility of management and were derived from and relate 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 Schedules of Functional Expenses are 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 EUGENE SCHOOL DISTRICT 4J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

As management of KRVM - Radio of Eugene School District 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, 2019.

FINANCIAL HIGHLIGHTS

- The assets of the Station exceeded its liabilities by \$419,374 at June 30, 2019. Of this amount, \$261,295 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 \$40,314 in the Station's Net Position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 \$419,374 and \$379,060 as of June 30, 2019 and 2018, respectively.

	June 30,	
	2019	2018
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 253,173	\$ 205,905
Accounts and Other Receivables	24,182	18,443
<i>Total Current Assets</i>	<u>277,355</u>	<u>224,348</u>
<i>Noncurrent Assets</i>		
Property and Equipment, net of Accumulated Depreciation	<u>158,079</u>	<u>168,654</u>
<i>Total Assets</i>	<u>435,434</u>	<u>393,002</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accrued Compensated Absences	<u>16,060</u>	<u>13,942</u>
Total Current Liabilities	<u>16,060</u>	<u>13,942</u>
NET POSITION		
Unrestricted	<u>\$ 419,374</u>	<u>\$ 379,060</u>

Statements of Revenues, Expenses and Changes in Net Position

During the current fiscal year, the Station's net position increased by \$40,314 compared to an increase of \$16,739 in the prior fiscal year. The key elements of the change in the Station's net position for the year ended June 30, 2019 are as follows:

- Contribution and membership revenues increased by \$23,588 (11.4 percent) from the previous year.
- Program Services expenses increased by \$54,316 (20.5 percent) from the previous year.
- Support Services expenses decreased by \$60,427 (14.7 percent) from the previous year.

	June 30,	
	2019	2018
REVENUES		
Contributions and Membership	\$ 229,951	\$ 206,363
Underwriting	206,887	209,877
Tower Rental	49,787	47,498
Eugene School District 4J		
Donated Facilities and Administrative Support	39,365	39,057
Payment for Services	3,198	3,911
Corporation for Public Broadcasting Grant	127,546	129,782
Other Grants	2,000	2,000
In-Kind Contributions	51,407	54,189
<i>Total Revenues</i>	<u>710,141</u>	<u>692,677</u>
EXPENSES		
Program Services	319,667	265,351
Support Services	350,160	410,587
<i>Total Expenses</i>	<u>669,827</u>	<u>675,938</u>
CHANGES IN NET POSITION	40,314	16,739
BEGINNING NET POSITION	<u>379,060</u>	<u>362,321</u>
ENDING NET POSITION	<u>\$ 419,374</u>	<u>\$ 379,060</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.

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BASIC FINANCIAL STATEMENTS

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KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4JStatements of Net Position
at June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 253,173	\$ 205,905
Other receivables, net	<u>24,182</u>	<u>18,443</u>
Total Current Assets	<u>277,355</u>	<u>224,348</u>
Capital Assets		
Intangible assets	139,622	139,622
Buildings and equipment, net of accumulated depreciation	<u>18,457</u>	<u>29,032</u>
Total Capital Assets	<u>158,079</u>	<u>168,654</u>
Total Assets	<u>\$ 435,434</u>	<u>\$ 393,002</u>
Liabilities and Net Position		
Current Liabilities		
Accrued vacation	<u>\$ 16,060</u>	<u>\$ 13,942</u>
Total Current Liabilities	<u>16,060</u>	<u>13,942</u>
Total Liabilities	<u>16,060</u>	<u>13,942</u>
Net Position		
Net Investment in Capital Assets	158,079	168,654
Restricted - Grants	-	27,859
Unrestricted	<u>261,295</u>	<u>182,547</u>
Total Net Position	<u>419,374</u>	<u>379,060</u>
Total Liabilities and Net Position	<u>\$ 435,434</u>	<u>\$ 393,002</u>

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4JStatements of Revenues, Expenses and Changes in Net Position
for the Years Ended June 30, 2019 and 2018

	For the Year Ended June 30,	
	2019	2018
Revenues		
Contributions and Membership	\$ 229,951	\$ 206,363
Underwriting	206,887	209,877
Tower Rental	49,787	47,498
Corporation for Public Broadcasting Grant	127,546	129,782
Other Grants	2,000	2,000
Eugene School District No. 4J		
Donated Facilities and Administrative Support (In-Kind)	39,365	39,057
Payment for Services	3,198	3,911
In-Kind Contributions	51,407	54,189
Total Revenues	<u>710,141</u>	<u>692,677</u>
Expenses		
Program Services		
Programming and Productions	110,876	67,267
Broadcasting	205,959	193,692
Program Information	2,832	4,392
Total Program Expenses	<u>319,667</u>	<u>265,351</u>
Support Services		
Management and General	207,122	280,119
Fundraising and Membership Development	46,598	56,227
Underwriting and Grant Solicitation	96,440	74,241
Total Support Expenses	<u>350,160</u>	<u>410,587</u>
Total Expenses	<u>669,827</u>	<u>675,938</u>
Change in Net Position	40,314	16,739
Beginning Net Position	<u>379,060</u>	<u>362,321</u>
Ending Net Position	<u>\$ 419,374</u>	<u>\$ 379,060</u>

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J**STATEMENTS OF CASH FLOWS**

for the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$ 40,314	\$ 16,739
Noncash Items Included in Income:		
Depreciation	10,575	8,443
Decrease, (Increase) In:		
Accounts Receivable	(5,739)	241
Increase, (Decrease) In:		
Accrued Expenses	2,118	143
Net Cash Provided By (Used In) Operating Activities	<u>47,268</u>	<u>25,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment	-	(14,927)
Net Cash Provided By (Used In) Investing Activities	<u>-</u>	<u>(14,927)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	47,268	10,639
Cash and Cash Equivalents at Beginning of Year	<u>205,905</u>	<u>195,266</u>
Cash and Cash Equivalents and Investments at End of Year	<u>\$ 253,173</u>	<u>\$ 205,905</u>
OTHER NONCASH ACTIVITY		
Donated and in-kind revenues/expenses	<u>\$ 90,772</u>	<u>\$ 93,246</u>

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NOTES TO THE
BASIC FINANCIAL STATEMENTS

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

1. NATURE OF OPERATIONS

KRVM – Radio (the Station) is operated by Eugene School District No. 4J, Eugene, Oregon (the institutional licensee). Eugene School District No. 4J records the activities of the station in the District's basic financial statements. Because these financial statements present only a selected portion of the activities of Eugene 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 basic 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 the Station is a non-profit entity without any governmental activities, the basic financial statements are prepared in accordance with governmental accounting standards in order to reflect activity in a similar manner as Eugene 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 basic 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. There are no restricted funds as of June 30, 2019. At June 30, 2018 there were \$27,859 in restricted funds.

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

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 PLEDGE 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.

F. GRANTS

Unreimbursed expenditures due from grantor agencies, if any, are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the Statement of Net Position. The Station received material grant support from CPB. See Note 9.

G. 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. Management has deemed accounts receivable to be fully collectable; therefore, and allowance for uncollectable amounts has not been determined. There were no balances over 90 days.

H. 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, 2019 and 2018, respectively, there were \$39,365 and \$39,057 in donations from Eugene School District 4J and \$51,407 and \$54,189 in in-kind contributions.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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)

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.

There were no investments at June 30, 2019 and 2018.

J. 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. 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, 2019 and 2018 were \$206,887 and \$209,877 respectively.

3. CASH AND CASH EQUIVALENTS

The Station has two bank accounts that hold the station's funds. One is maintained by KRVM and the other is maintained by the School District and is held in a pool with the School District's other funds.

Cash and cash equivalents are summarized as follows on June, 30:

	<u>2019</u>	<u>2018</u>
Cash held by School District	\$ 240,495	\$ 201,634
Cash held by KRVM	<u>12,678</u>	<u>4,271</u>
Total	<u>\$ 253,173</u>	<u>\$ 205,905</u>

KRVM 91.9 – KRVM 1280 AM
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NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS (CONTINUED)

CONCENTRATIONS OF CREDIT RISK

In the case of deposits, there is a risk that in the event of a bank failure, the deposits may not be returned. The School District is collateralizing the cash held in their account. As of June 30, 2019 and 2018 the insured bank balances held by KRVM were \$6,632 and \$4,134, respectively.

4. CAPITAL ASSETS

The following is a summary of the capital asset activity for the year ended June 30, 2019:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Capital Assets, Non-Depreciable				
Intangible Assets	<u>\$ 139,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,622</u>
Capital Assets, Depreciable				
Equipment	<u>\$ 588,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,009</u>
Improvements	<u>14,927</u>	<u>-</u>	<u>-</u>	<u>14,927</u>
Total Capital Assets, Depreciable	<u>602,936</u>	<u>-</u>	<u>-</u>	<u>602,936</u>
Accumulated Depreciation				
Equipment	<u>573,904</u>	<u>8,443</u>	<u>-</u>	<u>582,347</u>
Improvements	<u>-</u>	<u>2,132</u>	<u>-</u>	<u>2,132</u>
Total Accumulated Depreciation	<u>573,904</u>	<u>10,575</u>	<u>-</u>	<u>584,479</u>
Total Capital Assets, Depreciable, Net	<u>\$ 29,032</u>			<u>\$ 18,457</u>

The following is a summary of the capital asset activity for the year ended June 30, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Capital Assets, Non-Depreciable				
Intangible Assets	<u>\$ 139,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,622</u>
Capital Assets, Depreciable				
Equipment	<u>\$ 588,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,009</u>
Improvements	<u>-</u>	<u>14,927</u>	<u>-</u>	<u>14,927</u>
Total Capital Assets, Depreciable	<u>588,009</u>	<u>14,927</u>	<u>-</u>	<u>602,936</u>
Accumulated Depreciation				
Equipment	<u>565,461</u>	<u>8,443</u>	<u>-</u>	<u>573,904</u>
Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation	<u>565,461</u>	<u>8,443</u>	<u>-</u>	<u>573,904</u>
Total Capital Assets, Depreciable, Net	<u>\$ 22,548</u>			<u>\$ 29,032</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

On June 30, 2019 and 2018, 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.

5. 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 the Station 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.

6. OPERATING LEASES

The Station currently has four operating leases with four different entities for building rentals and equipment. Total payments on these leases for the year ended June 30, 2019 was \$61,165.

The Station, through the Eugene School District, entered into a contract with California Oregon Broadcasting, Inc. to rent a building, tower and transmitting facilities, paid in quarterly payments of \$4,508. The contract expires April 30, 2023.

The Station, through the Eugene School District, entered into a contract with Daniel J. Kersey and Christine A. Kersey for the use of a tower site with its towers and connecting equipment. The rental payment per month is \$4,052 less an in-kind donation of \$608 for a net cash payment of \$3,445. Beginning July 1, 2019, the rental payment per month is \$4,341 less an in-kind donation of \$608 for a net cash payment of \$3,733. The contract expires June 30, 2024.

The Station, through the Eugene School District, entered into a contract with Central Lincoln People's Utility District for the usage of and ability to install equipment on a building and a tower. Payments are \$166 per month. The contract expires December 31, 2021.

The Station, though the Eugene School District, entered into an agreement with the City of Oakridge for a communications site with a payment of \$1 per year. The agreement expires July 1, 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OPERATING LEASES (CONTINUED)

Future minimum lease payments for each contract are:

	California Oregon Broadcasting, Inc.	Combined Communications (D.Kersey & C. Kersey)	Central Lincoln Public Utility District	Totals
Future Payments				
2019-20	\$ 18,036	\$ 44,796	\$ 1,992	\$ 64,824
2020-21	18,036	44,796	1,992	64,824
2021-22	18,036	44,796	996	63,828
2022-23	15,027	44,796	-	59,823
2023-24	-	44,796	-	44,796
Total	<u>\$ 69,135</u>	<u>\$ 223,980</u>	<u>\$ 4,980</u>	<u>\$ 298,095</u>

7. PENSION PLAN

The Station contracts with the Eugene 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, 2019 and 2018 were \$53,016 and \$52,327, respectively.

8. 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:

	2019	2018
Legal and Other Professional Services	\$ 13	\$ 240
Rental Value of Space	7,294	7,294
Station Operating Expense	34,459	36,412
Fundraising Membership	9,641	10,243
Total In-Kind Contributions	<u>\$ 51,407</u>	<u>\$ 54,189</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

9. CONCENTRATIONS OF REVENUE

The Corporation for Public Broadcasting, the Station'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.

SUPPLEMENTARY INFORMATION

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KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4JSchedules of Functional Expenses
for the Years Ended June 30, 2019 and 20182019

	Program Services			Total
	Production Planning	Broadcasting	Program Information	
Salaries, Wages and Benefits	\$ 110,876	\$ 95,035	\$ -	\$ 205,911
Property Services	-	32,832	-	32,832
Professional Services	-	19,988	-	19,988
Travel	-	190	-	190
Communication	-	-	2,832	2,832
Supplies and Materials	-	9,018	-	9,018
Non-consumable Items	-	36,284	-	36,284
Computer Software and Hardware	-	1,261	-	1,261
Dues and Fees	-	776	-	776
Depreciation	-	10,575	-	10,575
Total Expenses	<u>\$ 110,876</u>	<u>\$ 205,959</u>	<u>\$ 2,832</u>	<u>\$ 319,667</u>

2018

	Program Services			Total
	Production Planning	Broadcasting	Program Information	
Salaries, Wages and Benefits	\$ 67,267	\$ 89,167	\$ -	\$ 156,434
Property Services	-	34,046	-	34,046
Professional Services	-	60,609	-	60,609
Travel	-	-	-	-
Communication	-	-	4,392	4,392
Supplies and Materials	-	-	-	-
Non-consumable Items	-	-	-	-
Computer Software and Hardware	-	1,371	-	1,371
Dues and Fees	-	56	-	56
Depreciation	-	8,443	-	8,443
Total Expenses	<u>\$ 67,267</u>	<u>\$ 193,692</u>	<u>\$ 4,392</u>	<u>\$ 265,351</u>

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J

Schedules of Functional Expenses
for the Years Ended June 30, 2019 and 2018

2019

	Support Services			
	Management and General	Membership Development	Underwriting and Grants	Total
Salaries, Wages and Benefits	\$ 63,219	\$ 33,778	\$ 96,440	\$ 193,437
Property Services	49,869	-	-	49,869
Professional Services	30,359	-	-	30,359
Travel	288	-	-	288
Communication	559	3,743	-	4,302
Supplies and Materials	4,621	9,077	-	13,698
Non-consumable Items	55,112	-	-	55,112
Computer Software and Hardware	1,916	-	-	1,916
Dues and Fees	1,179	-	-	1,179
Depreciation	-	-	-	-
Total Expenses	<u>\$ 207,122</u>	<u>\$ 46,598</u>	<u>\$ 96,440</u>	<u>\$ 350,160</u>

2018

	Support Services			
	Management and General	Membership Development	Underwriting and Grants	Total
Salaries, Wages and Benefits	\$ 122,228	\$ 41,137	\$ 74,241	\$ 237,606
Property Services	51,713	-	-	51,713
Professional Services	92,059	-	-	92,059
Travel	990	-	-	990
Communication	867	5,804	-	6,671
Supplies and Materials	4,727	9,286	-	14,013
Non-consumable Items	3,716	-	-	3,716
Computer Software and Hardware	2,082	-	-	2,082
Dues and Fees	1,737	-	-	1,737
Depreciation	-	-	-	-
Total Expenses	<u>\$ 280,119</u>	<u>\$ 56,227</u>	<u>\$ 74,241</u>	<u>\$ 410,587</u>