

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

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020



12700 SW 72nd Ave.

Tigard, OR 97223

KRVM 91.9 – 1280 KRVM AM

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December 17, 2021

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 No. 4J as of and for the years ended June 30, 2021 and 2020, 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 No. 4J as of June 30, 2021 and 2020, 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 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.



HANS K. GRAICHEN
PAULY, ROGERS AND CO., P.C

**KRVM - RADIO OF EUGENE SCHOOL DISTRICT 4J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the Station exceeded its liabilities by \$842,947 at June 30, 2021. Of this amount, \$696,218 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 \$267,045 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) Schedules 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 statements. 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 these statements 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 Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the Station's financial statements.

The Schedules 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 \$842,947 and \$575,902 as of June 30, 2021 and 2020, respectively.

	30 June,	
	2021	2020
ASSETS		
<i>Current Assets</i>		
Cash	\$ 3,455	\$ 87,801
Investments held by Eugene School District No. 4J	720,038	326,721
Other receivables	24,227	10,253
<i>Total Current Assets</i>	<u>747,720</u>	<u>424,775</u>
<i>Noncurrent Assets</i>		
Property and equipment, net of accumulated depreciation	<u>146,729</u>	<u>154,722</u>
<i>Total Assets</i>	894,449	579,497
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable	37,639	-
Accrued vacation	13,863	3,595
<i>Total Current Liabilities</i>	<u>51,502</u>	<u>3,595</u>
NET POSITION		
Net Investment in Capital Assets	146,729	154,722
Unrestricted	<u>696,218</u>	<u>421,180</u>
<i>Total Net Position</i>	<u>\$ 842,947</u>	<u>\$ 575,902</u>

Statements of Revenues, Expenses and Changes in Net Position

During the current fiscal year, the Station’s net position increased by \$267,045 compared to an increase of \$156,528 in the prior fiscal year. The key elements of the change in the Station’s net position for the year ended June 30, 2021 are as follows:

- KRVM received an American Rescue Act Grant from the Corporation for Public Broadcasting for \$200,478 to support the station during the ongoing COVID-19 pandemic.
- Contribution and membership revenues increased by \$85,872 (33.0 percent) from the previous year.
- Program Services expenses increased by \$62,300 (17.9 percent) from the previous year.
- Support Services expenses increased by \$49,495 (14.8 percent) from the previous year.

	June 30,	
	2021	2020
<i>REVENUES</i>		
Contributions and Membership	\$ 345,617	\$ 259,865
Program Underwriting	171,312	202,787
Tower Rental	25,660	46,385
Corporation for Public Broadcasting Grant	328,992	240,257
Eugene School District 4J		
Donated Facilities and Administrative Support	33,639	36,915
Payment for Services	-	2,157
In-Kind Contributions	17,853	51,410
Indirect Administrative Support	139,015	-
	<hr/>	<hr/>
<i>Total Revenues</i>	1,062,088	839,776
	<hr/>	<hr/>
<i>EXPENSES</i>		
Program Services	410,540	348,240
Support Services	384,503	335,008
	<hr/>	<hr/>
<i>Total Expenses</i>	795,043	683,248
	<hr/>	<hr/>
<i>CHANGES IN NET POSITION</i>	267,045	156,528
	<hr/>	<hr/>
<i>BEGINNING NET POSITION</i>	575,902	419,374
	<hr/>	<hr/>
<i>ENDING NET POSITION</i>	<u>\$ 842,947</u>	<u>\$ 575,902</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 Eugene School District 4J, Attn: Financial Services, 200 North Monroe Street, Eugene, OR 97402.

BASIC FINANCIAL STATEMENTS

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J

Statements of Net Position
at June 30, 2021 and 2020 (restated)

	2021	(Restated) 2020
Assets		
Current Assets		
Cash	\$ 3,455	\$ 87,801
Investments held by Eugene School District No. 4J	720,038	326,721
Other receivables	24,227	10,253
Total Current Assets	<u>747,720</u>	<u>424,775</u>
Capital Assets		
Intangible assets	139,622	139,622
Buildings and equipment, net of accumulated depreciation	7,107	15,100
Total Capital Assets	<u>146,729</u>	<u>154,722</u>
Total Assets	<u>\$ 894,449</u>	<u>\$ 579,497</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 37,639	\$ -
Accrued vacation	13,863	3,595
Total Current Liabilities	<u>51,502</u>	<u>3,595</u>
Total Liabilities	<u>51,502</u>	<u>3,595</u>
Net Position		
Net investment in capital assets	146,729	154,722
Unrestricted	696,218	421,180
Total Net Position	<u>842,947</u>	<u>575,902</u>
Total Liabilities and Net Position	<u>\$ 894,449</u>	<u>\$ 579,497</u>

See accompanying notes to the basic financial statements.

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4JStatements of Revenues, Expenses and Changes in Net Position
for the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Contributions and membership	\$ 345,617	\$ 259,865
Program underwriting	171,312	202,787
Tower rental	25,660	46,385
Corporation for Public Broadcasting grant	328,992	240,257
Eugene School District No. 4J		
Donated facilities and administrative support (in-kind)	33,639	36,915
Payment for services	-	2,157
In-kind contributions	17,853	51,410
Indirect administrative support	139,015	-
Total Revenues	<u>1,062,088</u>	<u>839,776</u>
Expenses		
Program Services		
Programming and productions	99,150	118,438
Broadcasting	308,046	226,742
Program information	3,344	3,060
Total Program Expenses	<u>410,540</u>	<u>348,240</u>
Support Services		
Management and general	176,193	179,620
Fundraising and membership development	114,272	45,794
Underwriting and grant solicitation	94,038	109,594
Total Support Expenses	<u>384,503</u>	<u>335,008</u>
Total Expenses	<u>795,043</u>	<u>683,248</u>
Change in Net Position	267,045	156,528
Beginning Net Position	<u>575,902</u>	<u>419,374</u>
Ending Net Position	<u>\$ 842,947</u>	<u>\$ 575,902</u>

See accompanying notes to the basic financial statements.

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

for the Years Ended June 30, 2021 and 2020 (restated)

	2021	(Restated) 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$ 267,045	\$ 156,528
Noncash Items Included in Income:		
Depreciation	7,993	3,357
Decrease, (Increase) In:		
Other receivables	(13,974)	13,929
Increase, (Decrease) In:		
Accounts payable	37,639	-
Accrued expenses	10,268	(12,465)
Net Cash Provided By (Used In) Operating Activities	<u>308,971</u>	<u>161,349</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease, (Increase) In:		
Investments held by Eugene School District No. 4J	(393,317)	(86,226)
Net Cash Provided By (Used In) Investing Activities	<u>(393,317)</u>	<u>(86,226)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(84,346)	75,123
Cash and Cash Equivalents at Beginning of Year	<u>87,801</u>	<u>12,678</u>
Cash and Cash Equivalents and Investments at End of Year	<u>\$ 3,455</u>	<u>\$ 87,801</u>
OTHER NONCASH ACTIVITY		
Donated and in-kind revenues/expenses	<u>\$ 51,492</u>	<u>\$ 88,325</u>

See accompanying notes to the basic financial statements.

NOTES TO THE
BASIC FINANCIAL STATEMENTS

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.

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 Financial Accounting Standards Board (FASB) rules, as required by the CPB. 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 asset 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, 2021 or 2020.

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

Restricted resources are spent first when both restricted and unrestricted resources are available for expenditures. Restricted resources used and spent in the same year are recorded as unrestricted resources.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 ASU 2016-14. Contributions received are recorded as support without donor restriction or support with donor restriction 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. IN-KIND CONTRIBUTIONS

In-kind contributions are recorded as revenue or expense at their estimated fair value at the date of receipt. In-kind contributions consist of donated programs, promotions, services, materials, and rental value of space. See Note 8.

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.

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.

3. CASH AND INVESTMENTS

CASH

Cash includes bank demand deposits with one bank.

Custodial Credit Risk - Cash

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, 2021 and 2020 the insured bank balances held by the Station were \$135,955 and \$87,801, respectively.

INVESTMENTS

Eugene School District No. 4J (the District) holds funds in the Local Government Investment Pool (LGIP) on behalf of the Station. The Station's share of LGIP is reflected on the Statement of Net Position for both years.

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

3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The Oregon State Treasury invests the Oregon Short Term Fund (OSTF) of which the Local Government Investment Pool (LGIP) is a part. Participation in the LGIP is voluntary for local governments. The LGIP was created to offer a short-term investment alternative for Oregon local governments and is not registered with the U.S. Securities and Exchange Commission. Pool investments are governed by the OSTF portfolio rules, which are approved by the Oregon Investment Council. The portfolio of rules are available on Oregon State Treasury’s website at www.Oregon.Gov/Treasury.

The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The Station measures these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund’s audited financial report. Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized.

The fair value of the LGIP is determined at the District level and has not been determined for the Station’s share of the LGIP held by the District. At June 30, 2021 and 2020, the District’s deposits with the LGIP was equal to 100.40% and 100.88% of the District’s account balance (pool shares), respectively. Additional information related to pool investment and account is contained with the OSTF audited financial statements at www.Oregon.Gov/Treasury.

With the exception of pass-through funds, the maximum amount of pool investments to be placed in the Local Government Investment Pool is limited by Oregon Statute. Per statute, the limit increases annually proportionate to the U.S. City Average Consumer Price Index. The limit was \$50,442,000 at June 30, 2021. The limit can be temporarily exceeded for ten business days and does not apply to either pass-through funds or to funds invested on behalf of another governmental unit.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of a transactional counterparty failure, the Station will not be able to recover the value of an investment in the possession of an outside party. The Station minimizes custodial credit risk by pre-qualifying any financial institutions, broker/dealers and advisors with which the Station will do business. All securities, except for the Station’s investment in the Local Government Investment Pool which is not evidenced by securities, are required to be held by an independent third-party safekeeping institution selected by the Station, and must be evidenced by safekeeping receipts in the Station’s name. Station policy DFA “Investment of Funds” was revised in January 2018 and is supported by a detailed administrative rule regarding investment activities (DFA-AR) designed to minimize custodial credit risk.

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

3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State of Oregon statutes (ORS 294.035, 294.040 and 294.810) restrict the types of investments in which the Station may invest. Authorized investments include obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, corporate indebtedness, and the Oregon State Treasury's Oregon Short Term Fund (which includes the Local Government Investment Pool). Station policy DFA "Investment of Funds" was readopted in January of 2018 and is supported by a detailed administrative rule regarding investment activities (DFA-AR) designed to minimize credit risk. The Oregon Short Term Fund (which includes the Local Government Investment Pool) is not rated for credit risk.

4. CAPITAL ASSETS

The following is a summary of the capital asset activity for the year ended June 30, 2021:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Intangible Assets, Non-Depreciable				
Radio Licenses	\$ 139,622	\$ -	\$ -	\$ 139,622
Capital Assets, Depreciable				
Equipment	\$ 588,009	\$ -	\$ -	\$ 588,009
Improvements	14,927	-	-	14,927
Total Capital Assets, Depreciable	602,936	-	-	602,936
Accumulated Depreciation				
Equipment	582,505	3,728	-	586,233
Improvements	5,331	4,265	-	9,596
Total Accumulated Depreciation	587,836	7,993	-	595,829
Total Capital Assets, Depreciable, Net	<u>\$ 15,100</u>			<u>\$ 7,107</u>

The following is a summary of the capital asset activity for the year ended June 30, 2020:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Intangible Assets, Non-Depreciable				
Radio Licenses	\$ 139,622	\$ -	\$ -	\$ 139,622
Capital Assets, Depreciable				
Equipment	\$ 588,009	\$ -	\$ -	\$ 588,009
Improvements	14,927	-	-	14,927
Total Capital Assets, Depreciable	602,936	-	-	602,936
Accumulated Depreciation				
Equipment	582,347	158	-	582,505
Improvements	2,132	3,199	-	5,331
Total Accumulated Depreciation	584,479	3,357	-	587,836
Total Capital Assets, Depreciable, Net	<u>\$ 18,457</u>			<u>\$ 15,100</u>

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

4. CAPITAL ASSETS (CONTINUED)

On June 30, 2021 and 2020, 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

Revenue

The Station, through the Eugene School District No. 4J, entered into a contract with Southern Oregon University to lease broadcast time to Jefferson Public Radio. Payments are \$1,921 per month. The contract expires December 31, 2029. Total receipts for the years ended June 30, 2021 and 2020 were \$25,660 and 46,385, respectively.

Future minimum receipts are as follows:

Future Receipts	Southern Oregon University (<u>Jefferson Public Radio</u>)
2021-22	\$ 23,052
2022-23	23,052
2023-24	23,052
2024-25	23,052
2025-26	23,052
FYE 2027-2030	80,682
Total	<u>\$ 195,942</u>

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

6. OPERATING LEASES (CONTINUED)

Expenses

The Station currently has four operating leases with four different entities for building rentals and equipment. Total payments on these leases for the years ended June 30, 2021 and 2020 were \$72,530 and \$61,198, respectively.

The Station, through the Eugene School District No. 4J, entered into a contract with California Oregon Broadcasting, Inc. to rent a building, tower and transmitting facilities, paid in quarterly payments of \$4,553. The contract expires April 30, 2023.

The Station, through the Eugene School District No. 4J, 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 \$4,583 less an in-kind donation of \$608 for a net cash payment of \$3,975. The contract expires June 30, 2024. See Note 8.

The Station, through the Eugene School District No. 4J, 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 \$1,996 per year. The contract expires December 31, 2021.

The Station, though the Eugene School District No. 4J, 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, 2021. The in-kind value of this agreement reported in the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020 were \$33,639 and 36,915, respectively.

Future minimum lease payments for each contract are as follows:

Future Payments	California Oregon	Combined	Central Lincoln	Totals
	Broadcasting, Inc.	Communications (D.Kersey & C. Kersey)	Public Utility District	
2021-22	\$ 18,212	\$ 47,700	\$ 998	\$ 66,910
2022-23	15,177	47,700	-	62,877
2023-24	-	47,700	-	47,700
Total	<u>\$ 33,389</u>	<u>\$ 143,100</u>	<u>\$ 998</u>	<u>\$ 177,487</u>

7. PENSION PLAN

The Station contracts with the Eugene School District No. 4J for all employees who are members of PERS. All PERS contributions are made by the District on the Station’s payroll and are included in the District’s financial statements. Total employer PERS contributions for the years ended June 30, 2021 and 2020 were \$55,217 and \$66,047, respectively.

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

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:

	<u>2021</u>	<u>2020</u>
Rental Value of Space	\$ 7,294	\$ 7,294
Station Operating Expense	5,664	38,781
Fundraising Membership	4,895	5,335
Total In-Kind Contributions	<u>\$ 17,853</u>	<u>\$ 51,410</u>

The above table does not include in-kind contributions (Donated Facilities and Administrative Support, and Payment for Services) from Eugene School District No. 4J. shown on the Statements of Revenues, Expenses and Changes in Net Position. See Note 6.

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.

10. RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused substantial disruption to businesses due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy.

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

11. PRIOR PERIOD RESTATEMENT

The previously issued basic financial statements have been restated to conform with current presentation. LGIP held on behalf of the Station was removed from cash and listed separately as Investments Held by Eugene School District No. 4j. Net position was not impacted by this change.

Statement of Net Position at June 30, 2020

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Cash	\$ 414,522	\$ (326,721)	\$ 87,801
Investments held by Eugene School District No. 4J	-	326,721	326,721

Statement of Cash Flows for the year ended June 30, 2020

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Decrease, (Increase) In:			
Investments held by Eugene School District No. 4J	\$ -	\$ (86,226)	\$ (86,226)
Net Cash Provided By (Used In) Investing Activities	-	(86,226)	(86,226)
Net Increase (Decrease) in Cash and Cash Equivalents	161,349	(86,226)	75,123
Cash and Cash Equivalents at Beginning of Year	253,173	(240,495)	12,678
Cash and Cash Equivalents at End of Year	414,522	(326,721)	87,801

SUPPLEMENTARY INFORMATION

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J

Schedules of Functional Expenses

for the Years Ended June 30, 2021 and 2020

2021

	Program Services			
	Production		Program	Total
	Planning	Broadcasting	Information	
Salaries, Wages and Benefits	\$ 99,150	\$ 108,591	\$ -	\$ 207,741
Property Services	-	48,492	-	48,492
Professional Services	-	35,759	-	35,759
Travel	-	526	-	526
Communication	-	-	3,344	3,344
Supplies and Materials	-	6,226	-	6,226
Non-consumable Items	-	27,288	-	27,288
Computer Software and Hardware	-	1,670	-	1,670
Dues and Fees	-	647	-	647
Indirect Administrative Support	-	70,854	-	70,854
Depreciation	-	7,993	-	7,993
Total Expenses	\$ 99,150	\$ 308,046	\$ 3,344	\$ 410,540

2020

	Program Services			
	Production		Program	Total
	Planning	Broadcasting	Information	
Salaries, Wages and Benefits	\$ 118,438	\$ 105,615	\$ -	\$ 224,053
Property Services	-	39,337	-	39,337
Professional Services	-	24,445	-	24,445
Travel	-	59	-	59
Communication	-	-	3,060	3,060
Supplies and Materials	-	8,696	-	8,696
Non-consumable Items	-	42,881	-	42,881
Computer Software and Hardware	-	1,698	-	1,698
Dues and Fees	-	654	-	654
Depreciation	-	3,357	-	3,357
Total Expenses	\$ 118,438	\$ 226,742	\$ 3,060	\$ 348,240

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J

Schedules of Functional Expenses

for the Years Ended June 30, 2021 and 2020

2021

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 63,715	\$ 39,343	\$ 94,038	\$ 197,096
Property Services	46,650	-	-	46,650
Professional Services	34,401	-	-	34,401
Travel	506	-	-	506
Communication	418	2,799	-	3,217
Supplies and Materials	2,021	3,969	-	5,990
Non-consumable Items	26,252	-	-	26,252
Computer Software and Hardware	1,607	-	-	1,607
Dues and Fees	623	-	-	623
Indirect Administrative Support	-	68,161	-	68,161
Total Expenses	\$ 176,193	\$ 114,272	\$ 94,038	\$ 384,503

2020

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 56,493	\$ 36,567	\$ 109,594	\$ 202,654
Property Services	43,090	-	-	43,090
Professional Services	26,776	-	-	26,776
Travel	64	-	-	64
Communication	436	2,915	-	3,351
Supplies and Materials	3,213	6,312	-	9,525
Non-consumable Items	46,971	-	-	46,971
Computer Software and Hardware	1,861	-	-	1,861
Dues and Fees	716	-	-	716
Total Expenses	\$ 179,620	\$ 45,794	\$ 109,594	\$ 335,008