

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

**FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**



**12700 SW 72<sup>nd</sup> Ave.**

**Tigard, OR 97223**



# KRVM 91.9 – 1280 KRVM AM

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January 11, 2023

To the Board  
KRVM 91.9 – 1280 KRVM AM  
Eugene, Oregon

## INDEPENDENT AUDITORS' REPORT

### **Opinion**

We have audited the accompanying basic financial statements of KRVM – Radio (the Station) of Eugene School District No. 4J, which comprise the statements of net position as of June 30, 2022 and 2021, the statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2022 and 2021, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Basic Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Basic Financial Statements**

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

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Station's ability to continue as a going concern within one year after the date that the basic financial statements are available to be issued.

## **Auditor's Responsibility for the Audit of the Basic Financial Statements**

Our objectives are to obtain reasonable assurance as to whether the basic financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information, as presented in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Hans Graichen*

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

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**KRVM - RADIO OF EUGENE SCHOOL DISTRICT 4J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022.

**FINANCIAL HIGHLIGHTS**

- The assets of the Station exceeded its liabilities by \$927,847 at June 30, 2022. Of this amount, \$743,626 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 \$84,900 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 schedules of functional expenses present detailed information on the expenses of the Station for the years presented. Program Services include Programming and Productions, 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 \$927,847 and \$842,947 as of June 30, 2022 and 2021, respectively.

	<b>June 30, 2022</b>	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 34,684	\$ 3,455
Investments held by Eugene School District No. 4J	696,536	720,038
Other receivables	<u>36,150</u>	<u>24,227</u>
Total Current Assets	<u>767,370</u>	<u>747,720</u>
Non-Current Assets:		
Intangible assets	139,622	139,622
Buildings and equipment, net of accumulated depreciation	46,291	7,107
Right-to-use assets, net of amortization	<u>96,610</u>	<u>-</u>
Total Non-Current Assets	<u>282,523</u>	<u>146,729</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,049,893</u></u>	<u><u>\$ 894,449</u></u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	\$ 2,116	\$ 37,639
Accrued vacation	<u>21,628</u>	<u>13,863</u>
Total Current Liabilities	<u>23,744</u>	<u>51,502</u>
Non-Current Liabilities:		
Lease liabilities	<u>98,302</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>122,046</u></u>	<u><u>51,502</u></u>
<b>NET POSITION:</b>		
Net investment in capital assets	184,221	146,729
Unrestricted	<u>743,626</u>	<u>696,218</u>
<b>TOTAL NET POSITION</b>	<u><u>927,847</u></u>	<u><u>842,947</u></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 1,049,893</u></u>	<u><u>\$ 894,449</u></u>

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

During the current fiscal year, the Station's net position increased by \$84,900 compared to an increase of \$267,045 in the prior fiscal year. The key elements of the change in the Station's net position for the year ended June 30, 2022 are as follows:

- Contribution and membership revenues decreased by \$49,850 (-14.4 percent) from the previous year.
- Program underwriting revenues increased by \$86,079 (50.2 percent) from the previous year.
- Program Services expenses increased by \$72,758 (17.7 percent) from the previous year.
- Support Services expenses decreased by \$11,151 (-2.9 percent) from the previous year.

#### **June 30, 2022**

	<u>2022</u>	<u>2021</u>
REVENUE		
Contributions and membership	\$ 295,767	\$ 345,617
Program underwriting	257,391	171,312
Tower rental	28,395	25,660
Corporation for Public Broadcasting grant	134,276	328,992
Other grants	13,992	
Eugene School District No.4J		
Donated facilities and administrative support (in-kind)	36,091	33,639
In-kind contributions	36,815	17,853
Indirect administrative support	138,823	139,015
TOTAL REVENUE	<u>941,550</u>	<u>1,062,088</u>
EXPENSES		
Current Expenses:		
Program Services	483,298	410,540
Support Services	373,352	384,503
Total Current Expenses	<u>856,650</u>	<u>795,043</u>
TOTAL EXPENSES	<u>856,650</u>	<u>795,043</u>
CHANGE IN NET POSITION	84,900	267,045
BEGINNING NET POSITION	<u>842,947</u>	<u>575,902</u>
ENDING NET POSITION	<u>\$ 927,847</u>	<u>\$ 842,947</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.

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## BASIC FINANCIAL STATEMENTS

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

Statements of Net Position  
at June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	\$ 34,684	\$ 3,455
Investments held by Eugene School District No. 4J	696,536	720,038
Other receivables	36,150	24,227
Total Current Assets	<u>767,370</u>	<u>747,720</u>
Non-Current Assets		
Intangible assets	139,622	139,622
Buildings and equipment, net of accumulated depreciation	46,291	7,107
Right-to-use assets, net of amortization	96,610	-
Total Capital Assets	<u>282,523</u>	<u>146,729</u>
Total Assets	<u>\$ 1,049,893</u>	<u>\$ 894,449</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 2,116	\$ 37,639
Accrued vacation	21,628	13,863
Total Current Liabilities	<u>23,744</u>	<u>51,502</u>
Non-Current Liabilities		
Lease liabilities	98,302	-
Total Liabilities	<u>122,046</u>	<u>51,502</u>
Net Position		
Net investment in capital assets	184,221	146,729
Unrestricted	743,626	696,218
Total Net Position	<u>927,847</u>	<u>842,947</u>
Total Liabilities and Net Position	<u>\$ 1,049,893</u>	<u>\$ 894,449</u>

See accompanying notes to the basic financial statements.

**KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J**Statements of Revenues, Expenses and Changes in Net Position  
for the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Contributions and membership	\$ 295,767	\$ 345,617
Program underwriting	257,391	171,312
Tower rental	28,395	25,660
Corporation for Public Broadcasting grant	134,276	328,992
Other grants	13,992	-
Eugene School District No. 4J		
Donated facilities and administrative support (in-kind)	36,091	33,639
In-kind contributions	36,815	17,853
Indirect administrative support	138,823	139,015
Total Revenues	<u>941,550</u>	<u>1,062,088</u>
Expenses		
Program Services		
Programming and productions	131,481	99,150
Broadcasting	348,750	308,046
Program information	3,067	3,344
Total Program Expenses	<u>483,298</u>	<u>410,540</u>
Support Services		
Management and general	157,967	176,193
Fundraising and membership development	109,789	114,272
Underwriting and grant solicitation	105,596	94,038
Total Support Expenses	<u>373,352</u>	<u>384,503</u>
Total Expenses	<u>856,650</u>	<u>795,043</u>
Change in Net Position	84,900	267,045
Beginning Net Position	<u>842,947</u>	<u>575,902</u>
Ending Net Position	<u>\$ 927,847</u>	<u>\$ 842,947</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Position	\$ 84,900	\$ 267,045
Noncash Items Included in Income:		
Depreciation	5,457	7,993
Amortization	59,498	-
Non-cash adjustment to capital assets	(5,945)	-
Decrease, (Increase) In:		
Other receivables	(11,923)	(13,974)
Increase, (Decrease) In:		
Accounts payable	(35,523)	37,639
Accrued expenses	7,765	10,268
 Net Cash Provided By (Used In) Operating Activities	 <u>104,229</u>	 <u>308,971</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease, (Increase) In:		
Investments held by Eugene School District No. 4J	23,502	(393,317)
Purchase of capital assets	(38,696)	-
 Net Cash Provided By (Used In) Investing Activities	 <u>(15,194)</u>	 <u>(393,317)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease payments	(57,806)	-
 Net Cash Provided By (Used In) Financing Activities	 <u>(57,806)</u>	 <u>-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 31,229	 (84,346)
 Cash and Cash Equivalents at Beginning of Year	 <u>3,455</u>	 <u>87,801</u>
 Cash and Cash Equivalents and Investments at End of Year	 <u>\$ 34,684</u>	 <u>\$ 3,455</u>
 <b>OTHER NONCASH ACTIVITY</b>		
 Donated and in-kind revenues/expenses	 <u>\$ 72,906</u>	 <u>\$ 51,492</u>

See accompanying notes to the basic financial statements.

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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

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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, 2022 or 2021.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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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 10.

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 was \$2,565 in accounts receivable over 90 days at June 30, 2022. There was no accounts receivable over 90 days at June 30, 2021.

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 9.

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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.

K. LEASE PAYABLE

For the year ended June 30, 2022, the basic financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note 7.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. 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, 2022 and 2021 the insured bank balances held by the Station were \$34,684 and \$135,955, 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.



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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](http://www.Oregon.Gov/Treasury).

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. 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. We intend to measure these investments at book value since it materially 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. As of June 30, 2022 and 2021, the fair value of the position in the LGIP is 98.98% and 100.40% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements, respectively. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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 \$52,713,000 until August 31, 2022 when it increased to \$56,763,000. 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

*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.

*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.

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**4. CAPITAL ASSETS**

The following is a summary of the capital asset activity for the year ended June 30, 2022:

	<u>July 1, 2021</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Intangible Assets, Non-Depreciable					
Radio Licenses	\$ 139,622	\$ -	\$ -	\$ -	\$ 139,622
Capital Assets, Depreciable					
Equipment	\$ 588,009	\$ -	\$ 38,696	\$ -	\$ 626,705
Improvements	14,927	-	-	-	14,927
Total Capital Assets, Depreciable	602,936	-	38,696	-	641,632
Accumulated Depreciation					
Equipment	586,233	(247)	4,462	-	590,448
Improvements	9,596	(5,698)	995	-	4,893
Total Accumulated Depreciation	595,829	(5,945)	5,457	-	595,341
Total Capital Assets, Depreciable, Net	<u>\$ 7,107</u>				<u>\$ 46,291</u>

The adjustments were for corrective adjustments.

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>

On June 30, 2022 and 2021, 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.

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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. SERVICE AGREEMENTS

Revenue

The Station, through the Eugene School District No. 4J, entered into a contract with Southern Oregon University to provide broadcast time to Jefferson Public Radio. Required monthly fixed payments are \$1,987. The current term has been extended until December 31, 2023. There are three additional two-year extensions available, which will start automatically unless either party provides written notification to the other of its intent not to renew three months or more before the end of the current term. Total receipts for the years ended June 30, 2022 and 2021 were \$25,849 and 25,660, respectively.

Future minimum receipts are as follows:

<u>Fiscal Year Ending</u>	<u>Southern Oregon University (Jefferson Public Radio)</u>
2023	\$ 23,849
2024	23,849
2025	23,849
2026	23,849
2027	23,849
2028 - 2030	59,622
Total	<u>\$ 178,867</u>

Expenses

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. The annual payment is \$1,996. The agreement was not formally renewed, so it is currently continuing as a year-to-year lease.

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7. LEASE LIABILITY AND RIGHT-TO-USE ASSET

On May 1, 2018 the Station entered into a five-year lease with California Oregon Broadcasting, Inc., as Lessee, for use of the premises commonly called the Blanton Heights Communications Facility for use as a transmitter facility (CA OR Broadcasting). An initial lease liability was recorded in the amount of \$36,328. As of June 30, 2022, the value of the lease liability is \$18,178. Required quarterly fixed payments are \$4,553. The lease liability has a discount rate of 0.3080%, which is based on a U.S. Treasury A rating at a 22-month credit spread and the daily treasury part yield curve rate at 22 months. The premises' estimated useful life was 22 months as of July 1, 2021 when GASB 87 was implemented. The value of the right-to-use asset as of June 30, 2022 is \$36,328 with accumulated amortization of \$19,869 and is included with 'broadcast facilities' on the lease class activities table below.

On June 1, 2019 the Station entered into a five-year lease with Daniel and Christine Kersey, as Lessee, for use of the premises located in Lane County, Oregon for use as a transmitter facility (Kersey). An initial lease liability was recorded in the amount of \$119,780. As of June 30, 2022, the value of the lease liability is \$80,124. Required monthly fixed payments are \$3,367. The market value for leasing this facility is valued at \$3,975 per month, which is higher than the monthly fixed payment. An In-kind contribution revenue is recorded for the difference of \$608 per month. See Note 9. The lease liability has a discount rate of 0.8150%, which is based on a U.S. Treasury A rating at a 36-month credit spread and the daily treasury part yield curve rate at 36 months. The premises' estimated useful life was 36 months as of July 1, 2021 when GASB 87 was implemented. The value of the right-to-use asset as of June 30, 2022 is \$119,780 with accumulated amortization of \$39,629 and is included with 'broadcast facilities' on the lease class activities table below.

Changes in Lease Liability				
	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022
<b>Broadcast Facilities</b>				
California Oregon Broadcasting	\$ -	\$ 36,328	\$ 18,150	\$ 18,178
Kersey	-	119,780	39,656	80,124
	\$ -	\$ 156,108	\$ 57,806	\$ 98,302

Principal and Interest Requirements to Maturity			
For year ended June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 58,077	\$ 525	\$ 58,602
2024	40,225	178	40,403
	\$ 98,302	\$ 703	\$ 99,005

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7. LEASE LIABILITY AND RIGHT-TO-USE ASSET (CONTINUED)

Amount of Lease Assets by Major Classes of Underlying Asset (Right-to-Use Asset)			
Asset Class	At June 30, 2022		
	Lease Asset Value	Accumulated Amortization	Net Value
Broadcast Facilities	\$ 156,108	\$ 59,498	\$ 96,610

	Changes in Right-to-Use Asset			Balance at June 30, 2022
	Balance at July 1, 2021	Additions	Reductions	
<u>Broadcast Facilities</u>				
California Oregon Broadcasting	\$ -	\$ 36,328	\$ -	\$ 36,328
Kersey	-	119,780	-	119,780
Total	-	156,108	-	156,108
Accumulated Amortization				
<u>Broadcast Facilities</u>				
California Oregon Broadcasting	-	(19,869)	-	(19,869)
Kersey	-	(39,629)	-	(39,629)
Total	-	(59,498)	-	(59,498)
Total Lease Assets, Net	\$ -			\$ 96,610

8. 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, 2022 and 2021 were \$62,351 and \$55,217, respectively.

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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:

	<u>2022</u>	<u>2021</u>
Rental Value of Space	\$ 7,294	\$ 7,294
Station Operating Expense	12,571	5,664
Fundraising Membership	16,950	4,895
Total In-Kind Contributions	<u>\$ 36,815</u>	<u>\$ 17,853</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.

10. 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.

11. 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.

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## SUPPLEMENTARY INFORMATION

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

Schedules of Functional Expenses - Program Services

for the Years Ended June 30, 2022 and 2021

2022

	Program Services			
	Programming and Productions	Broadcasting	Program Information	Total
Salaries, Wages and Benefits	\$ 131,481	\$ 108,450	\$ -	\$ 239,931
Property Services	-	13,627	-	13,627
Professional Services	-	36,362	-	36,362
Travel	-	1,088	-	1,088
Communication	-	-	3,067	3,067
Supplies and Materials	-	9,558	-	9,558
Non-consumable Items	-	38,961	-	38,961
Computer Software and Hardware	-	3,136	-	3,136
Dues and Fees	-	928	-	928
Depreciation	-	5,457	-	5,457
Amortization	-	59,498	-	59,498
Indirect Administrative Support	-	71,685	-	71,685
<b>Total Expenses</b>	<b>\$ 131,481</b>	<b>\$ 348,750</b>	<b>\$ 3,067</b>	<b>\$ 483,298</b>

2021

	Program Services			
	Programming and Productions	Broadcasting	Program Information	Total
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
Depreciation	-	7,993	-	7,993
Indirect Administrative Support	-	70,854	-	70,854
<b>Total Expenses</b>	<b>\$ 99,150</b>	<b>\$ 308,046</b>	<b>\$ 3,344</b>	<b>\$ 410,540</b>

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

Schedules of Functional Expenses - Support Services

for the Years Ended June 30, 2022 and 2021

2022

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 65,629	\$ 34,220	\$ 105,596	\$ 205,445
Property Services	12,762	-	-	12,762
Professional Services	34,056	-	-	34,056
Travel	1,019	-	-	1,019
Communication	374	2,499	-	2,873
Supplies and Materials	3,019	5,932	-	8,951
Non-consumable Items	36,491	-	-	36,491
Computer Software and Hardware	2,938	-	-	2,938
Dues and Fees	869	-	-	869
Interest Expense	810	-	-	810
Indirect Administrative Support	-	67,138	-	67,138
<b>Total Expenses</b>	<b>\$ 157,967</b>	<b>\$ 109,789</b>	<b>\$ 105,596</b>	<b>\$ 373,352</b>

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
<b>Total Expenses</b>	<b>\$ 176,193</b>	<b>\$ 114,272</b>	<b>\$ 94,038</b>	<b>\$ 384,503</b>