

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

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023



12700 SW 72nd Ave.

Tigard, OR 97223

KRVM 91.9 – KRVM 1280 AM

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	<i>i</i>
Management's Discussion and Analysis	<i>iv</i>
Basic Financial Statements:	
Statements of Net Position	1
Statements of Revenues, Expenses, and Changes in Net Position	2
Statements of Cash Flows	3
Notes to the Basic Financial Statements	4
Supplementary Information:	
Schedules of Functional Expenses – Program Services for years ended June 30, 2024 and 2023	16
Schedules of Functional Expenses – Support Services for years ended June 30, 2024 and 2023	17

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January 9, 2025

To the Board
KRVM 91.9 – KRVM 1280 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, 2024 and 2023, 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, 2024 and 2023, and the changes in net position 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 the system 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 controls. 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 the Station's system of internal control 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 system of 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 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, 2024**

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, 2024.

FINANCIAL HIGHLIGHTS

- The assets of the Station exceeded its liabilities by \$1,097,753 at June 30, 2024. Of this amount, \$926,540 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 \$79,077 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 Basic 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 deducted from assets. 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 are included as supplementary information and 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 \$1,097,753 and \$1,018,676 as of June 30, 2024 and 2023, respectively.

	June 30, 2024	
	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash	\$ 45,137	\$ 257,837
Investments held by Eugene School District No. 4J	877,188	589,109
Other receivables	37,812	35,001
Total Current Assets	<u>960,137</u>	<u>881,947</u>
Non-Current Assets:		
Intangible assets	139,622	139,622
Buildings and equipment, net of accumulated depreciation	35,378	40,834
Right-to-use assets, net of amortization	267,713	336,470
Total Non-Current Assets	<u>442,713</u>	<u>516,926</u>
TOTAL ASSETS	<u>\$ 1,402,850</u>	<u>\$ 1,398,873</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 7,340	\$ 13,246
Accrued vacation	23,590	28,115
Unearned revenue	2,667	5,582
Lease liabilities - current portion	12,296	61,754
Total Current Liabilities	<u>45,893</u>	<u>108,697</u>
Non-Current Liabilities:		
Lease liabilities - non-current portion	259,204	271,500
TOTAL LIABILITIES	<u>305,097</u>	<u>380,197</u>
NET POSITION:		
Net investment in capital assets	171,213	183,672
Unrestricted	926,540	835,004
TOTAL NET POSITION	<u>1,097,753</u>	<u>1,018,676</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,402,850</u>	<u>\$ 1,398,873</u>

Statements of Revenues, Expenses and Changes in Net Position

During the current fiscal year, the Station's net position increased by \$79,077 compared to an increase of \$90,829 in the prior fiscal year. The elements of the change in the Station's net position for the year ended June 30, 2024 are as follows:

- Contribution and membership revenues decreased by \$6,565 (-2.3 percent) from the previous year.
- Program underwriting revenues decreased by \$9,129 (-3.1 percent) from the previous year.
- Program Services expenses increased by \$9,934 (1.8 percent) from the previous year.
- Support Services expenses increased by \$10,837 (2.8 percent) from the previous year.

	June 30, 2024	
	<u>2024</u>	<u>2023</u>
REVENUE		
Contributions and membership	\$ 278,687	\$ 285,252
Program underwriting	281,232	290,361
Tower rental	28,210	25,027
Corporation for Public Broadcasting grant	161,232	149,502
Other grants	-	2,000
Eugene School District No.4J		
Donated facilities (in-kind)	46,911	44,493
Interest	44,195	17,805
In-kind contributions	64,084	59,075
Indirect administrative support	<u>124,867</u>	<u>156,033</u>
TOTAL REVENUE	<u>1,029,418</u>	<u>1,029,548</u>
EXPENSES		
Current Expenses:		
Program Services	549,526	544,903
Support Services	<u>400,815</u>	<u>393,816</u>
Total Current Expenses	<u>950,341</u>	<u>938,719</u>
TOTAL EXPENSES	<u>950,341</u>	<u>938,719</u>
CHANGE IN NET POSITION	79,077	90,829
BEGINNING NET POSITION	<u>1,018,676</u>	<u>927,847</u>
ENDING NET POSITION	<u>\$ 1,097,753</u>	<u>\$ 1,018,676</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, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash	\$ 45,137	\$ 257,837
Investments held by Eugene School District No. 4J	877,188	589,109
Other receivables, net of allowance for bad debt	37,812	35,001
Total Current Assets	<u>960,137</u>	<u>881,947</u>
Non-Current Assets		
Intangible assets	139,622	139,622
Buildings and equipment, net of accumulated depreciation	35,378	40,834
Right-to-use assets, net of amortization	267,713	336,470
Total Capital Assets	<u>442,713</u>	<u>516,926</u>
Total Assets	<u>\$ 1,402,850</u>	<u>\$ 1,398,873</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 7,340	\$ 13,246
Accrued vacation	23,590	28,115
Unearned revenue	2,667	5,582
Lease liabilities - current portion	12,296	61,754
Total Current Liabilities	<u>45,893</u>	<u>108,697</u>
Non-Current Liabilities		
Lease liabilities - non-current portion	259,204	271,500
Total Liabilities	<u>305,097</u>	<u>380,197</u>
Net Position		
Net investment in capital assets	171,213	183,672
Unrestricted	926,540	835,004
Total Net Position	<u>1,097,753</u>	<u>1,018,676</u>
Total Liabilities and Net Position	<u>\$ 1,402,850</u>	<u>\$ 1,398,873</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues		
Contributions and membership	\$ 278,687	\$ 285,252
Program underwriting	281,232	290,361
Tower rental	28,210	25,027
Corporation for Public Broadcasting grant	161,232	149,502
Other grants	-	2,000
Eugene School District No. 4J		
Donated facilities (in-kind)	46,911	44,493
Interest	44,195	17,805
In-kind contributions	64,084	59,075
Indirect administrative support	124,867	156,033
Total Revenues	<u>1,029,418</u>	<u>1,029,548</u>
Expenses		
Program Services		
Programming and productions	157,046	147,569
Broadcasting	384,338	392,296
Program information	8,142	5,038
Total Program Expenses	<u>549,526</u>	<u>544,903</u>
Support Services		
Management and general	164,122	155,323
Fundraising and membership development	105,790	117,412
Underwriting and grant solicitation	130,903	121,081
Total Support Expenses	<u>400,815</u>	<u>393,816</u>
Total Expenses	<u>950,341</u>	<u>938,719</u>
Change in Net Position	79,077	90,829
Beginning Net Position	<u>1,018,676</u>	<u>927,847</u>
Ending Net Position	<u>\$ 1,097,753</u>	<u>\$ 1,018,676</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$ 79,077	\$ 90,829
Noncash Items Included in Income:		
Depreciation	5,456	5,457
Amortization	68,757	66,509
Decrease, (Increase) In:		
Other receivables	(2,811)	1,149
Increase, (Decrease) In:		
Accounts payable	(5,906)	11,130
Accrued expenses	(4,525)	6,487
Unearned revenue	(2,915)	5,582
	<u>137,133</u>	<u>187,143</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease, (Increase) In:		
Investments held by Eugene School District No. 4J	(288,079)	107,427
	<u>(288,079)</u>	<u>107,427</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(61,754)	(71,417)
	<u>(61,754)</u>	<u>(71,417)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(212,700)	223,153
Cash and Cash Equivalents at Beginning of Year	<u>257,837</u>	<u>34,684</u>
Cash and Cash Equivalents and Investments at End of Year	<u>\$ 45,137</u>	<u>\$ 257,837</u>
OTHER NONCASH ACTIVITY		
Donated and in-kind revenues/expenses	<u>\$ 110,995</u>	<u>\$ 103,568</u>
Indirect Administrative Support	<u>\$ 124,867</u>	<u>\$ 156,033</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

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; all right-to-use assets, net of accumulated amortization, and reduced by the outstanding balances of any lease liabilities; and all intangible 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, 2024 or 2023.

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 11.

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.

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 10.

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.

K. LEASES

Leases are reported in accordance with 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 8.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. CAPITAL ASSETS

Capital assets are recorded at cost. Purchases of \$5,000 or more 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. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS – (SBITA)

Subscription Right-to-Use Assets

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

Subscription Liabilities

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

Management has determined that they do not have any multi-year subscription technology arrangements that would require reporting a subscription liability or a right-to-use subscription asset.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 collateralizes the cash held in their account. As of June 30, 2024 and 2023, the insured bank balances held by the Station were \$45,137 and \$257,837, 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.

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.

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, 2024. 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.

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

3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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. At June 30, 2024 and 2023, the fair value of the position in the LGIP is 100.39% and 99.63% 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 \$59,847,000 until August 31, 2024, when it increased to \$61,749,000. 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.

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.

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

4. OTHER RECEIVABLES

There was \$2,071 and \$2,230 in accounts receivable over 90 days at June 30, 2024 and 2023, respectively. Other receivables at June 30 were:

	2024	2023
Underwriting receivables	\$ 33,291	\$ 32,014
Lease receivable	4,521	4,567
Allowance for uncollectable amounts	-	(1,580)
Total	\$ 37,812	\$ 35,001

5. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2024, are as follows:

	July 1, 2023	Additions	Deletions	June 30, 2024
Intangible Assets, Non-Depreciable				
Radio Licenses	\$ 139,622	\$ -	\$ -	\$ 139,622
Capital Assets, Depreciable				
Equipment	\$ 524,374	\$ -	\$ -	\$ 524,374
Improvements	14,927	-	-	14,927
Total Capital Assets, Depreciable	539,301	-	-	539,301
Accumulated Depreciation				
Equipment	492,579	4,461	-	497,040
Improvements	5,888	995	-	6,883
Total Accumulated Depreciation	498,467	5,456	-	503,923
Total Capital Assets, Depreciable, Net	\$ 40,834			\$ 35,378

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

5. CAPITAL ASSETS (CONTINUED)

The changes in capital assets for the year ended June 30, 2023, are as follows:

	July 1, 2022	Additions	Deletions	June 30, 2023
Intangible Assets, Non-Depreciable				
Radio Licenses	\$ 139,622	\$ -	\$ -	\$ 139,622
Capital Assets, Depreciable				
Equipment	\$ 626,705	\$ -	\$ (102,331)	\$ 524,374
Improvements	14,927	-	-	14,927
Total Capital Assets, Depreciable	641,632	-	(102,331)	539,301
Accumulated Depreciation				
Equipment	590,448	4,462	(102,331)	492,579
Improvements	4,893	995	-	5,888
Total Accumulated Depreciation	595,341	5,457	(102,331)	498,467
Total Capital Assets, Depreciable, Net	\$ 46,291			\$ 40,834

Deletions represent various broadcast equipment that management determined was no longer in the Station's possession.

6. 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.

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

7. 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. The current required monthly fixed payment is \$2,108. The term has been extended until December 31, 2029, which includes three additional two-year extension options. These options will start automatically unless either party provides written notification of their intent not to renew, at least three months before the end of the current term. Total receipts for the years ended June 30, 2024 and 2023, were \$25,313 and \$24,564, respectively.

Future minimum receipts are as follows:

<u>For year ending June 30</u>	<u>Southern Oregon University (Jefferson Public Radio)</u>
2025	\$ 25,301
2026	25,301
2027	25,301
2028	25,301
2029	25,301
2030	12,651
Total	<u><u>\$ 139,156</u></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 contract.

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

8. LEASE LIABILITY AND RIGHT-TO-USE ASSET

On April 1, 2023, the Station entered into a new lease with EIP Holdings, LLC, as Lessee, for use of the premises commonly called the Blanton Heights Communications Facility for use as a transmitter facility (EIP Holdings). An initial lease liability was recorded in the amount of \$287,488. As of June 30, 2024, the value of the lease liability is \$271,500. Three payments of \$4,821 were made for the first three quarters of the year, and one payment of \$4,966 was made for the last quarter. Payments increase each April 1st by 3%. The lease liability has a discount rate of 2.89%, which is based on a U.S. Treasury A rating at a 15-year credit spread and the daily treasury part yield curve rate at 15 years. The premises' estimated useful life was 15 years as of April 1, 2023, when the contract commenced. The value of the right-to-use asset as of June 30, 2024, is \$287,488 with accumulated amortization of \$19,775 and is included with 'broadcast facilities' on the lease class activities below.

On June 1, 2019, the Station entered into a 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). The lease ended June 30, 2024, and continued as a month-to-month contract. An initial lease liability was recorded in the amount of \$119,780. As of June 30, 2024, the value of the lease liability was \$0, and the right-to-use asset and accumulated amortization were removed. Required monthly payments were \$4,217. The market value for leasing this facility was valued at \$4,825 per month, which was higher than the monthly payment. An In-kind contribution revenue was recorded for the difference of \$608 per month. See Note 10. The lease liability had a discount rate of .815%, which was 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.

Changes in Lease Liability

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024
Broadcast Facilities				
EIP Holdings	\$ 282,875	\$ -	\$ (11,375)	\$ 271,500
Kersey	50,379	-	(50,379)	-
	<u>\$ 333,254</u>	<u>\$ -</u>	<u>\$ (61,754)</u>	<u>\$ 271,500</u>

Principal and Interest Requirements to Maturity

For year ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 12,296	\$ 7,716	\$ 20,012
2026	13,262	7,350	20,612
2027	14,275	6,956	21,231
2028	15,335	6,532	21,867
2029	16,446	6,077	22,523
2030 to 2034	100,808	22,358	123,166
2035 to 2038	99,078	5,924	105,002
	<u>\$ 271,500</u>	<u>\$ 62,913</u>	<u>\$ 334,413</u>

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

8. 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, 2024		
	Lease Asset Value	Accumulated Amortization	Net Value
Broadcast Facilities	\$ 287,488	\$ (19,775)	\$ 267,713

Changes in Right-to-Use Asset

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024
<u>Broadcast Facilities</u>				
EIP Holdings	\$ 287,488	\$ -	\$ -	\$ 287,488
Kersey	138,661	-	(138,661)	-
Total	426,149	-	(138,661)	287,488
<u>Accumulated Amortization</u>				
<u>Broadcast Facilities</u>				
EIP Holdings	534	19,241	-	19,775
Kersey	89,145	49,516	(138,661)	-
Total	89,679	68,757	(138,661)	19,775
Total Lease Assets, Net	<u>\$ 336,470</u>			<u>\$ 267,713</u>

9. 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, 2024 and 2023, were \$95,713 and \$71,373, respectively.

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

10. 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>2024</u>	<u>2023</u>
Rental Value of Space - Kersey	\$ 7,294	\$ 7,294
Rental Value of Space - Winchester Hill	6,600	-
Station Operating Expense	33,903	27,297
Fundraising Membership	16,287	24,484
Total In-Kind Contributions	<u>\$ 64,084</u>	<u>\$ 59,075</u>

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

11. 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. 4J

Schedules of Functional Expenses - Program Services

for the Years Ended June 30, 2024 and 2023

2024

	Program Services			
	Programming and Productions	Broadcasting	Program Information	Total
Salaries, Wages and Benefits	\$ 157,046	\$ 119,301	\$ -	\$ 276,347
Property Services	-	17,057	-	17,057
Professional Services	-	22,583	-	22,583
Travel	-	754	-	754
Communication	-	-	8,142	8,142
Supplies and Materials	-	5,294	-	5,294
Non-consumable Items	-	68,094	-	68,094
Computer Software and Hardware	-	3,252	-	3,252
Dues and Fees	-	1,308	-	1,308
Depreciation	-	5,456	-	5,456
Amortization	-	68,757	-	68,757
Indirect Administrative Support	-	72,482	-	72,482
Total Expenses	\$ 157,046	\$ 384,338	\$ 8,142	\$ 549,526

2023

	Program Services			
	Programming and Productions	Broadcasting	Program Information	Total
Salaries, Wages and Benefits	\$ 147,569	\$ 111,493	\$ -	\$ 259,062
Property Services	-	13,766	-	13,766
Professional Services	-	29,933	-	29,933
Travel	-	711	-	711
Communication	-	-	5,038	5,038
Supplies and Materials	-	11,227	-	11,227
Non-consumable Items	-	60,700	-	60,700
Computer Software and Hardware	-	2,889	-	2,889
Dues and Fees	-	1,581	-	1,581
Depreciation	-	5,457	-	5,457
Amortization	-	66,510	-	66,510
Indirect Administrative Support	-	88,029	-	88,029
Total Expenses	\$ 147,569	\$ 392,296	\$ 5,038	\$ 544,903

KRVM - RADIO OF EUGENE SCHOOL DISTRICT NO. 4J

Schedules of Functional Expenses - Support Services

for the Years Ended June 30, 2024 and 2023

2024

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 72,088	\$ 45,750	\$ 130,903	\$ 248,741
Property Services	12,327	-	-	12,327
Professional Services	16,320	-	-	16,320
Travel	546	-	-	546
Communication	766	5,119	-	5,885
Supplies and Materials	1,290	2,536	-	3,826
Non-consumable Items	49,213	-	-	49,213
Computer Software and Hardware	2,350	-	-	2,350
Dues and Fees	945	-	-	945
Interest Expense	8,277	-	-	8,277
Indirect Administrative Support	-	52,385	-	52,385
Total Expenses	\$ 164,122	\$ 105,790	\$ 130,903	\$ 400,815

2023

	Support Services			Total
	Management and General	Membership Development	Underwriting and Grants	
Salaries, Wages and Benefits	\$ 66,385	\$ 40,274	\$ 121,081	\$ 227,740
Property Services	10,634	-	-	10,634
Professional Services	23,123	-	-	23,123
Travel	549	-	-	549
Communication	507	3,386	-	3,893
Supplies and Materials	2,925	5,748	-	8,673
Non-consumable Items	46,891	-	-	46,891
Computer Software and Hardware	2,232	-	-	2,232
Dues and Fees	1,222	-	-	1,222
Interest Expense	855	-	-	855
Indirect Administrative Support	-	68,004	-	68,004
Total Expenses	\$ 155,323	\$ 117,412	\$ 121,081	\$ 393,816