

**FINANCIAL STATEMENTS OF
KJZZ – FM RADIO, A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT AND
KBAQ – FM RADIO, A PUBLIC TELECOMMUNICATIONS ENTITY LICENSED TO
ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF ARIZONA STATE
UNIVERSITY AND MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
(KJZZ - FM RADIO AND KBAQ - FM RADIO)
YEAR ENDED JUNE 30, 2013**

**KJZZ - FM RADIO AND KBAQ - FM RADIO
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INDEPENDENT AUDITORS' REPORT

Maricopa County Community College District
KJZZ - FM Radio and KBAQ - FM Radio
Tempe, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of KJZZ – FM Radio A Public Telecommunications Entity Operated by Maricopa County Community College District and KBAQ – FM Radio a Public Telecommunications Entity Licensed to Arizona Board of Regents for and on behalf of Arizona State University and Maricopa County Community College District (KJZZ - FM Radio and KBAQ - FM Radio) or (Stations) and the discretely presented component unit, Friends of Public Radio Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Stations' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Stations' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stations' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Maricopa County Community College District
KJZZ - FM Radio and KBAQ - FM Radio
Tempe, Arizona

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit KJZZ - FM Radio and KBAQ - FM Radio as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

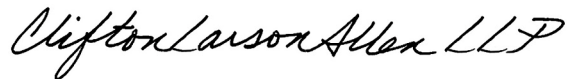
Emphasis of a Matter

As discussed in Note 1.A., the financial statements present only KJZZ - FM Radio and KBAQ - FM Radio (departments within Maricopa County Community College District, under a license granted by the Federal Communications Commission) and do not purport to, and do not, present fairly the financial position of Maricopa County Community College District, as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Phoenix, Arizona
December 13, 2013

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

This discussion and analysis introduces the financial statements and provides an overview of the Stations' financial activities for the year ended June 30, 2013. Please read it in conjunction with the financial statements, which immediately follow.

FINANCIAL HIGHLIGHTS

- ◆ KJZZ – FM Radio, and by extension, its Sun Sounds Radio Reading Service, provide listeners with 24 daily hours of news, information, and music (acoustic jazz). KBAQ – FM Radio, co-licensed to Arizona State University and Maricopa County Community College District, broadcasts 24 hours of classical music and arts information. KJZZ - FM Radio and KBAQ - FM Radio operate as public radio stations, while Sun Sounds uses a specialized delivery system to reach an audience of print-disabled individuals. Additionally, the Spot 127 Youth Media Center was inaugurated during FY2013 and it empowers high school students to develop state-of-the-art skills in digital media, radio, and journalism.
- ◆ Major funding sources for KJZZ and Sun Sounds include government sources such as Maricopa County Community College District (MCCCD), the Corporation for Public Broadcasting (CPB), and the State Department of Library, Archives, and Public Records. Major funding sources for KBAQ include the two institutional licensees (MCCCD and Arizona State University), and CPB. Private donors and corporate underwriters continue to provide a majority of the funding to all the stations.
- ◆ Economic recovery for Arizona, as with the rest of the country, continues to be slow. Continued high unemployment, both nationally and in Arizona – combined with the emerging global economic crisis – creates a challenging environment for charitable giving to the non-profit sector. While the Stations have succeeded in generating additional membership revenue during the past year, corporate support continues its trend to only provide modest improvement over the prior year – corporate underwriting is still considerably less than corporate support received prior to the recession.
- ◆ Businesses continue to be adversely affected by the economic downturn and have been unable to continue underwriting support at levels that the stations have previously enjoyed. In responding to this continued downward economic trajectory, KJZZ and KBAQ have intensified on-air fundraising strategies. Deploying new, focused management and on-air production strategies, the stations are now experiencing improvements in membership revenue trends – particularly with regard to sustained giving. During FY 2013, new member sustaining revenue has exceeded thirty percent and total sustaining revenue for KJZZ has reached forty percent.
- ◆ KBAQ implemented new and more accurate audience rating measurement tools that came online during fiscal year 2009-10 (FY2010). These tools, now used nationwide in major broadcasting markets, is revealing a national downward trend for public radio music formats - particularly for jazz and classical music. The stations are deploying the services of the Director of Audience Research and external consultants to develop strategies for mitigating the effects of this national trend on the KBAQ audience. Most recent evidence suggests that this trend has been abated, which is reflected in the increase in both membership and underwriting revenue for KBAQ during FY 2013.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS

Beginning in FY2002, KJZZ - FM Radio, operated by the Maricopa County Community College District (MCCCD), and KBAQ - FM Radio co-licensed to Arizona State University and the Maricopa County Community College District (the Stations), were required to present annual financial statements in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The financial statements consist of the following:

- ◆ The Statement of Net Position reflects the financial position of KJZZ - FM Radio and KBAQ - FM Radio and Sun Sounds Radio Stations at June 30, 2013. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net position.
- ◆ The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other changes for the year ended June 30, 2013. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount – which is shown on the Statement of Net Position, described above.
- ◆ The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2013. It shows various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount - which is shown on the Statement of Net Position, described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the Statement of Revenues, Expenses, and Changes in Net Position, described above.

Although the primary focus of this document is on the results of activity for year ending June 30, 2013 (FY2013), comparative data is presented for the previous year ending June 30, 2012 (FY2012). This Management's Discussion and Analysis (MD&A) uses the prior year as a reference point in illustrating issues and trends for determining whether the Stations' financial health may have improved or deteriorated.

The condensed financial information on the following page highlights the main categories of the Statement of Net Position. Assets and liabilities are distinguished as to their current and noncurrent natures. Current liabilities are typically those obligations intended for liquidation or payment within the next fiscal year while current assets are those resources that are available for use in meeting the ongoing operating needs of the Stations, including current liabilities. Net Position is divided into two categories, net investment in capital assets and unrestricted assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Stations are improving or deteriorating.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

**Table A-1
Statement of Net Position**

	2013				2012	Variance
	KJZZ	Sun Sounds	KBAQ	Total		
ASSETS						
Current Assets	\$ 680,152	\$ 111,470	\$ 264,235	\$ 1,055,857	\$ 2,612,706	-59.6%
Capital Assets, Net	753,366	516,580	671,442	1,941,388	2,221,753	-12.6%
Total Assets	<u>1,433,518</u>	<u>628,050</u>	<u>935,677</u>	<u>2,997,245</u>	<u>4,834,459</u>	-38.0%
LIABILITIES						
Current Liabilities	<u>234,054</u>	<u>1,671</u>	<u>64,607</u>	<u>300,332</u>	<u>449,495</u>	-33.2%
NET POSITION						
Investment in Capital Assets	753,366	516,580	671,442	1,941,388	2,221,753	-12.6%
Unrestricted Net Position	<u>686,816</u>	<u>(130,919)</u>	<u>199,628</u>	<u>755,525</u>	<u>2,163,211</u>	-65.1%
Total Net Position	<u>\$ 1,440,182</u>	<u>\$ 385,661</u>	<u>\$ 871,070</u>	<u>\$ 2,696,913</u>	<u>\$ 4,384,964</u>	-38.5%

The Stations' overall financial position declined in FY2013, with total net position decreasing \$1.7 million from FY2012 to FY2013. Total current assets for the stations decreased by \$1.6 million, with most of the decline attributed to cash. The cash decline of \$1.2 million primarily results from the decision to shift reserves held on behalf of the Stations from MCCCCD to FPRAZ. Additional information on FPRAZ can be found in the Notes to Financial Statements – Note 1. There was a decrease in underwriting receivables of \$169,000 due to the fact that in order to meet the CPB community support requirements, management instructed the underwriting agency to focus on generating underwriting revenue (especially for KBAQ) during FY2013. These efforts have proven successful, allowing KBAQ to meet its underwriting revenue budget for the first time in several years. Towards the goal of increasing underwriting revenue during FY2013, the agency increased its efforts at collections, as well. Total current liabilities for the station decreased by approximately \$149,000 with most attributed to a \$131,000 decrease in unearned revenues for the year. This change primarily resulted from more spots being aired closer to the time revenues were received as compared to FY 2012.

Capital assets at June 30, 2013 and 2012 totaled \$1.9 million and \$2.2 million, respectively. The net decrease in capital assets of approximately \$280,000 was the net effect of current year additions and current year depreciation; both decreased in 2013. Additional information on capital assets can be found in the Notes to Financial Statements – Note 2.

The condensed financial information on the following page highlights the main categories of the Statement of Revenues, Expenses, and Changes in Net Position. Depreciation expense is recorded in accordance with the adoption of the full accrual basis of accounting. The construction and acquisition of capital assets, although budgeted and tracked as an expenditure in the accounting system, is not reflected as an expense in these statements. Rather, such transactions are capitalized and reported in net position – with the systematic allocation of such costs (depreciation) expensed over the useful lives of the assets constructed or acquired.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

**Table A-2
Changes in Net Position**

	2013				2012	Variance
	KJZZ	Sun Sounds	KBAQ	Total		
Operating Revenues	\$ 1,624,366	\$ 381,063	\$ 582,404	\$ 2,587,833	\$ 2,041,229	26.8%
Operating Expenses:						
Education and General	6,863,221	837,279	2,617,974	10,318,474	9,227,596	11.8%
Depreciation	129,038	72,957	150,752	352,747	327,995	7.5%
Total Operating Expenses	<u>6,992,259</u>	<u>910,236</u>	<u>2,768,726</u>	<u>10,671,221</u>	<u>9,555,591</u>	11.7%
Operating Loss	(5,367,893)	(529,173)	(2,186,322)	(8,083,388)	(7,514,362)	7.6%
Nonoperating Revenues	<u>3,860,882</u>	<u>478,746</u>	<u>2,055,709</u>	<u>6,395,337</u>	<u>5,961,143</u>	7.3%
Change in Net Assets	(1,507,011)	(50,427)	(130,613)	(1,688,051)	(1,553,219)	8.7%
Net Position June 30, 2012	<u>2,947,193</u>	<u>436,088</u>	<u>1,001,683</u>	<u>4,384,964</u>	<u>5,938,183</u>	-26.2%
Net Position June 30, 2013	<u>\$ 1,440,182</u>	<u>\$ 385,661</u>	<u>\$ 871,070</u>	<u>\$ 2,696,913</u>	<u>\$ 4,384,964</u>	-38.5%

The Stations show an operating loss, reflective of the fact the two largest revenue sources, private gifts and underwriting, are considered nonoperating revenues. For a description of the difference between operating and nonoperating revenues, please refer to the Summary of Significant Accounting Policies (Note 1), which directly follows the presentation of the financial statements.

Operating revenues, including licensee appropriations and shared administrative support, experience an increase of about \$547,000 between FY2012 and FY2013. Licensee appropriations are expenses paid on behalf of the stations by MCCCCD and are recognized as revenues (contributions) on the financial statements. They include expenses such as salary and benefits of key employees and certain capital expenses. The majority of this category's change is due to the General Manager of the Stations being funded by MCCCCD beginning in FY 2013. Shared administrative support is a calculation of how much indirect support is provided to the Stations' by MCCCCD. As MCCCCD's expenses were higher in FY 2013, a higher amount of shared administrative support was recognized.

Nonoperating revenues (primarily comprised of listener donations, corporate underwriting, and private grants and contracts) showed a slight increase of \$434,000. The increase is largely due to the net effect of an increase in private gifts of \$708,000, a decrease in corporate underwriting of \$77,000, and a decrease in private grants and contracts of approximately \$194,000. The increase in private gifts is due to a bequest from a listener and the decrease in corporate underwriting and private grants and contracts is due to a reduction in grant activity and continued softness in the corporate underwriting market.

Operating expenses increased \$1.1 million. The increase was due to an increase of \$344,000 in programming and production, an increase of \$422,000 in broadcasting, an increase of \$207,000 in management and general and an increase of \$144,000 in fundraising. The increases were due to the inauguration of the KJZZ Spot 127 Youth Media Center, increases in national programming fees, as well as increases in the cost of fundraising (personnel consulting, credit card fees for contributions).

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

Capital Assets

Capital assets at June 30, 2013 and 2012 totaled \$1.9 million and \$2.2 million, respectively. The Stations' did not have any significant current year capital asset additions and depreciation expense for fiscal year ended June 30, 2013 was relatively equal to the depreciation expense recorded during the fiscal year ended June 30, 2012.

**Table A-3
Capital Assets (Net of Accumulated Depreciation)**

	2013	2012
Land Improvements	\$ 817	\$ 1,087
Buildings and Improvements	1,463,367	1,622,732
Equipment	477,204	597,934
	\$ 1,941,388	\$ 2,221,753

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- ◆ We will continue to operate in a cautious fashion, particularly with regard to KBAQ. While hopeful that changes in the Stations' programming strategy will soon yield additional membership and corporate support, we are cognizant of the fact that changes in national trends for listening to public radio music formats may require additional investments in community engagement and marketing activities to build a new, emerging, audience for classical music on the radio.
- ◆ During FYs 2011, 2012, and 2013, the Corporation for Public Broadcasting awarded KJZZ a total of nearly two million dollars to fund the launch of Fronteras: the Changing America Desk. This funding ends during the first quarter for FY2014, requiring KJZZ to absorb nearly \$400,000 in operating costs for this Desk into its operating budget. This will present a short-term challenge as the station develops its revenue base to support the Desk, which will most likely require funding operations in part from FPRAZ reserves.
- ◆ Operating support from the Corporation for Public Broadcasting is expected decline during the coming year, as a result of ongoing federal budget negotiations. This situation will most likely adversely affect funding to the Corporation for Public Broadcasting, which provides the stations with ongoing Community Service Grants.
- ◆ Support from our parent institution, Rio Salado College, is expected to remain as stable as conditions allow.
- ◆ The reorganization of the Stations' membership department, a process that was started in FY 2010, continued in FY2013. Under the leadership of the Director of Development, new staff have been hired, best practices have been incorporated, and on-air fundraising practices have been integrated with the Stations' programming departments. This reorganization is largely responsible for the increase in FY2013 membership revenue.

The Rio Salado College "Division of Public Service," includes KJZZ, KBAQ, Sun Sounds, and Spot 127 Youth Media Center.

The Division's operating units operate under budget plans that are monitored by management.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

REQUESTS FOR INFORMATION

This financial report is designed to provide the readers with a general overview of the Stations' finances and to show the Stations' accountability for monies it receives. If you have any questions about this report, or need additional financial information, contact the Maricopa County Community College District, Office of Financial Services and Controller, at 2411 W. 14th Street, Tempe, Arizona 85281.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2013**

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 329,696	\$ 199,732	\$ 529,428
Receivables (Net of Allowance):			
Private Grants	224,616	-	224,616
Underwriting Receivable	219,877	59,492	279,369
Other Assets	17,433	5,011	22,444
Total Current Assets	791,622	264,235	1,055,857
Noncurrent Assets:			
Capital Assets (Net)			
Depreciable	1,269,946	671,442	1,941,388
Total Assets	2,061,568	935,677	2,997,245
LIABILITIES			
Current Liabilities:			
Accounts Payable	62,581	51,668	114,249
Accrued Liabilities	112,213	54	112,267
Unearned Revenue	60,931	12,885	73,816
Total Current Liabilities	235,725	64,607	300,332
NET POSITION			
Investment in Capital Assets	1,269,946	671,442	1,941,388
Unrestricted	555,897	199,628	755,525
Total Net Position	\$ 1,825,843	\$ 871,070	\$ 2,696,913

See accompanying Notes to Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF FINANCIAL POSITION – COMPONENT UNIT
JUNE 30, 2013**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,848,444
Accounts Receivable	8,505
Prepaid Items	6
Total Current Assets	2,856,955

NONCURRENT ASSETS

Interest in Arizona Community Foundation Investment Pool	1,247,097
Interest in Maricopa County Community College District Foundation Investment Pool	5,419,431
Total Noncurrent Assets	6,666,528

Total Assets	\$ 9,523,483
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 17,390
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NET ASSETS

Unrestricted	9,235,699
Temporarily Restricted	270,394
Total Net Assets	9,506,093

Total Liabilities and Net Assets	\$ 9,523,483
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See accompanying Notes to Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013**

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
REVENUES			
Operating Revenues:			
Licensee Appropriations	\$ 752,656	\$ 143,534	\$ 896,190
Shared Administrative Support	1,252,773	438,870	1,691,643
Total Operating Revenues	<u>2,005,429</u>	<u>582,404</u>	<u>2,587,833</u>
EXPENSES			
Operating Expenses:			
Educational and General:			
Programming and Production	3,169,206	1,085,662	4,254,868
Program Information	135,213	-	135,213
Broadcasting	1,453,223	462,319	1,915,542
Management and General	1,727,911	607,812	2,335,723
Fundraising	1,214,947	462,181	1,677,128
Depreciation	201,995	150,752	352,747
Total Operating Expenses	<u>7,902,495</u>	<u>2,768,726</u>	<u>10,671,221</u>
Operating Loss	(5,897,066)	(2,186,322)	(8,083,388)
NONOPERATING REVENUES (EXPENSES)			
Government Grants and Contracts	98,347	-	98,347
State Appropriations	-	306,116	306,116
Private Gifts	1,270,136	788,108	2,058,244
Private Grants and Contracts	1,173,547	200,510	1,374,057
Underwriting	1,767,433	758,915	2,526,348
Investment Income	431	2,060	2,491
Other Income	29,734	-	29,734
Total Nonoperating Revenues	<u>4,339,628</u>	<u>2,055,709</u>	<u>6,395,337</u>
CHANGE IN NET POSITION	(1,557,438)	(130,613)	(1,688,051)
Net Position - Beginning of Year	<u>3,383,281</u>	<u>1,001,683</u>	<u>4,384,964</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,825,843</u></u>	<u><u>\$ 871,070</u></u>	<u><u>\$ 2,696,913</u></u>

See accompanying Notes to Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2013**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 3,814,585	\$ 431,300	\$ 4,245,885
Donated Goods and Services	596,253	-	596,253
Investment Income	181,311	-	181,311
Other Revenue	337	-	337
Change in Interest in Arizona Community Foundation Investment Pool	49,721	-	49,721
Change in Maricopa County Community College District Foundation Investment Pool	119,382	-	119,382
Special Events Revenue	\$ 220,270		
Less: Cost of Direct Benefit to Donors	(84,348)		
	135,922	-	135,922
Net Assets Released From Restriction	267,353	(267,353)	-
Total Revenues and Support	5,164,864	163,947	5,328,811
EXPENSES			
Program Services	1,890,056	-	1,890,056
Support Services	236,775	-	236,775
Fundraising	647,849	-	647,849
Total Expenses	2,774,680	-	2,774,680
CHANGE IN NET ASSETS	2,390,184	163,947	2,554,131
Net Assets - Beginning of Period	6,845,515	106,447	6,951,962
NET ASSETS - END OF PERIOD	\$ 9,235,699	\$ 270,394	\$ 9,506,093

See accompanying Notes to Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2013**

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Licensee Appropriations	\$ 2,005,429	\$ 582,404	\$ 2,587,833
Payments to Employees	(4,379,329)	(1,609,867)	(5,989,196)
Payments to Suppliers	(3,341,707)	(975,706)	(4,317,413)
Net Cash Used by Operating Activities	(5,715,607)	(2,003,169)	(7,718,776)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government Grants and Contracts	98,347	-	98,347
Private Grants and Contracts	1,301,709	200,510	1,502,219
Private Gifts and Underwriting Received for Other than Capital Purposes	3,087,249	1,535,501	4,622,750
State Appropriations	-	306,116	306,116
Other Non-operating Receipts	29,734	-	29,734
Net Cash Provided by Noncapital Financing Activities	4,517,039	2,042,127	6,559,166
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(48,178)	(24,204)	(72,382)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	431	2,060	2,491
NET INCREASE (DECREASE) IN CASH	(1,246,315)	16,814	(1,229,501)
Cash and Cash Equivalents - Beginning of Year	1,576,011	182,918	1,758,929
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 329,696	\$ 199,732	\$ 529,428

(Continued)

See accompanying Notes to Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED (USED) BY OPERATING
ACTIVITIES**

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
Operating Loss	\$ (5,897,066)	\$ (2,186,322)	\$ (8,083,388)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	201,995	150,752	352,747
Change in Assets and Liabilities:			
Other Assets	10,371	19,369	29,740
Accounts Payable	26,389	27,551	53,940
Accrued Liabilities	<u>(57,296)</u>	<u>(14,519)</u>	<u>(71,815)</u>
Net Cash Used by Operating Activities	<u>\$ (5,715,607)</u>	<u>\$ (2,003,169)</u>	<u>\$ (7,718,776)</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of KJZZ – FM Radio A Public Telecommunications Entity Operated by Maricopa County Community College District and KBAQ – FM Radio a Public Telecommunications Entity Licensed to Arizona State University and Maricopa County Community College District (KJZZ - FM Radio and KBAQ - FM Radio) or (the Stations) conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the Governmental Accounting Standards Board. A summary of the Stations' more significant accounting policies follows.

For the year ended June 30, 2013, the City implemented the provisions of GASB Statements No. 60, 61, 62, 63 and 65. GASB Statement 60, *Accounting and Reporting for Service Concession Arrangements*. GASB Statement 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 24*, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB Pronouncements. GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows or resources. GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that were previously reported as assets and liabilities.

A. Reporting Entity

The Stations are a departmental operation, not a component unit, of the Maricopa County Community College District (District) in Phoenix, Arizona, under a license granted by the Federal Communications Commission. KJZZ – FM Radio is a Public Telecommunications Entity Operated by Maricopa County Community College District and KBAQ – FM Radio is a Public Telecommunications Entity Licensed to the Arizona Board of Regents for and on behalf of Arizona State University and Maricopa County Community College District (District). The District provides administrative and other financial support to the Stations. The Stations' financial statements include those portions of the District's Restricted Fund for which the Stations have financial accountability, including the accounts of an affiliated broadcast service, Sun Sounds. Sun Sounds is a radio reading service for the blind produced by the Stations. Financial accountability for the Stations remains with the District. The accompanying financial statements present the activities of the Stations (the primary government) and their discretely presented component unit, the Friends of Public Radio Arizona (Friends).

Friends is a legally separate, 501(c)(3) non-profit organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the Stations. Although the District does not control the timing or amount of receipts from Friends, Friends' restricted resources can only be used by, or for the benefit of, the Stations or their constituents. Consequently, Friends is considered a component unit of the Stations and is discretely presented in the Stations' financial statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

For financial reporting purposes, Friends follows Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Friends' financial information included in the Stations' financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the Stations. For financial reporting purposes, only the Friends' statements of financial position and activities are included in the Stations' financial statements as required by generally accepted accounting principles for public colleges and universities.

During the year ended June 30, 2013, Friends distributed \$1,225,000 to the Stations for both restricted and unrestricted purposes. Complete financial statements for Friends can be obtained from the Friends Office at 2323 W. 14th Street, Tempe, AZ 85281.

B. Financial Statements

The financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all of the non-fiduciary activities of the Stations. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Stations had no governmental activities during the fiscal year.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Stations distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Stations' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Underwriting revenue is reported as nonoperating revenue due to the nature of the underwriting revenue largely representing corporate contributions rather than fees for advertising campaigns.

When both restricted and unrestricted resources are available for use, it is the Stations' policy to use restricted resources first, then unrestricted resources as they are needed.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position

1. Deposits and Investments

The Stations' cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Arizona Revised Statutes (A.R.S.) authorize the Stations to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

The State Board of Deposit provides oversight for the State Treasurer's investment pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares. The Stations' investments in the State Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

2. Receivables

All receivables are shown net of allowance for uncollectibles. An allowance of \$5,250 for KJZZ and an allowance of \$709 for KBAQ was reported at June 30, 2013.

3. Capital Assets

Capital assets of the Stations consist of land improvements, buildings and improvements, and equipment. Capital assets are stated at cost at date of acquisition, or fair market value at date of donation in the case of gifts. Major outlays for assets or improvements to assets are capitalized as projects are constructed. These are categorized as construction in progress until completed, at which time they are reclassified to the appropriate asset type. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

<u>Asset Category</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	N/A	N/A	N/A
Buildings and Improvements	\$ 100,000	Straight-Line	40 Years
Land Improvements	5,000	Straight-Line	20 Years
Equipment	5,000	Straight-Line	3-7 Years

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

4. Net Position

In the financial statements, net position is reported in two categories: net investment in capital assets and unrestricted net position. Net investment in capital assets is separately reported because the Stations report all Stations' assets which make up a significant portion of total net position. Unrestricted net position is the remaining net position not included in the previous two categories.

5. Income Taxes

The Stations are exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code section 501. Consequently, there was no provision for income taxes for the fiscal year.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Cash and Cash Equivalents

Deposits and investments at June 30, 2013 consist of the following:

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Deposits:			
Cash in Bank	\$ 252,192	\$ 179,177	\$ 431,369
Investments:			
State Treasurer's Investment Pool	77,504	20,555	98,059
Total Cash and Cash Equivalents	<u>\$ 329,696</u>	<u>\$ 199,732</u>	<u>\$ 529,428</u>

The Stations do not have a formal policy with respect to custodial credit risk; however, all stations' investments are made through the State Treasurer's Investment Pool, and thereby follow the policies of that agency.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Cash and Cash Equivalents (Continued)

Investments

At June 30, 2013, the Stations' investments are reported at fair value. The Stations' investment in the State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio; however, the Stations' portion is not identified with specific investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the Stations will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. All securities purchased are required to be delivered to the Stations' custodial bank or held by an independent third-party financial institution in the name of the Stations. Additionally, the Stations' personnel are not affiliated or related to investment brokers or custodians in accordance with state statutes. Accordingly, the Stations have limited exposure to custodial credit risk.

2. Capital Assets

Combined capital asset activity for KJZZ - FM Radio and KBAQ - FM Radio for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Assets				
Land Improvements	\$ 5,396	\$ -	\$ -	\$ 5,396
Buildings and Improvements	3,355,527	-	-	3,355,527
Equipment	3,360,198	72,382	(73,049)	3,359,531
Total Depreciable Assets	6,721,121	72,382	(73,049)	6,720,454
Accumulated Depreciation				
Land Improvements	(4,309)	(270)	-	(4,579)
Buildings and Improvements	(1,732,795)	(159,365)	-	(1,892,160)
Equipment	(2,762,264)	(193,112)	73,049	(2,882,327)
Total Accumulated Depreciation	(4,499,368)	(352,747)	73,049	(4,779,066)
Depreciable Assets	2,221,753	(280,365)	-	1,941,388
Total Capital Assets	<u>\$ 2,221,753</u>	<u>\$ (280,365)</u>	<u>\$ -</u>	<u>\$ 1,941,388</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Unearned Revenues

Changes in unearned revenues for the year ended June 30, 2013 were as follows.

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Beginning Balance, July 1, 2012	\$ 168,124	\$ 36,980	\$ 205,104
Additions:			
Current Year Contributions and Grants	485,480	201,502	686,982
Deductions:			
Contributions and Grants Recognized as Revenue	(485,480)	(200,510)	(685,990)
Decrease in Prepaid Underwriter Contributions	(107,193)	(25,087)	(132,280)
Ending balance, June 30, 2013	<u>\$ 60,931</u>	<u>\$ 12,885</u>	<u>\$ 73,816</u>

Unearned revenues at June 30, 2013 consist of unexpended grants and unearned underwriting contributions for programs not yet broadcast.

NOTE 3 CONTINGENCIES

In December 2012, the Stations were notified by the Corporation for Broadcasting (CPB) that KBAQ-FM Radio was not meeting the Audience Service Criteria (ASC) adopted by the public radio system. As a result, CPB has placed KBAQ-FM Radio on a transition plan. The transition plan results in a five year plan in which a 25 percent restriction is placed on the use of the Community Service Grant (CSG) received from CPB in years one and two (FY13 and FY 14) to be used for special projects designed to help the Station return to compliance. In years three and four (FY 15 and FY 16), if the Station has not returned to compliance, the Station will receive a 50 percent reduction in CSG funding each fiscal year. If in year 5 (FY 17) the Station has not returned to compliance, KBAQ-FM Radio will be removed from the CSG program.

In May 2013, Maricopa County Community College District (MCCCD) identified a network security incident of suspected hacker activity. An internal investigation was conducted and subsequently an independent forensic vendor was retained through outside counsel to further investigate the situation. Network intrusion was found and based on advice of counsel, the District has notified regulators and impacted individuals in compliance with breach notification laws. The known or estimable remaining expenses relating to this incident have been accrued by the MCCCD as a contingent liability in its statement of net position at June 30, 2013. All estimable remaining expenses will be absorbed by MCCCD and therefore no liability is reflected in the Stations' statement of net position.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The Stations' discretely presented component unit is comprised of the Friends of Public Radio.

A. Summary of Significant Accounting Policies

1. Nature of Operations

Friends of Public Radio Arizona's (Organization) mission is to assure the future vitality and excellence of the Phoenix community's public radio and to broaden public radio support. Funding for the Organization is provided through individual donations and fundraising.

2. Basis of Accounting

The financial statements of Friends of Public Radio Arizona have been prepared on the accrual basis of accounting. The more significant of the Organization's accounting policies are described below.

3. Financial Statement Presentation

The Organization follows generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted

Net assets that are not subject to donor imposed stipulations.

Temporarily restricted

Net assets subject to donor imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted

Net assets subject to donor imposed stipulations that they be maintained permanently by The Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants from governmental agencies which are restricted are reflected as unrestricted revenue since these funds are received and spent during the same year as permitted by generally accepted accounting principles.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

4. Restricted Support

Support is recognized when received. Support that is restricted by the donor/grantor is reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the support is recognized. All other donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Support that is permanently restricted by the donor/grantor is reported as an increase in permanently restricted net assets. The organization had no permanently restricted net assets at June 30, 2013.

5. Special Events

The Organization conducts several special events to raise funds for the benefit of the Phoenix community's public radio. Special event revenue consists of event attendance fees and sales of goods at events. Cost of direct benefits to donors is the cost incurred by the Organization to provide goods and services to donors at the events.

6. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The Organization adopted a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Organization's financial statements.

The Organization files as a tax-exempt organization. As of June 30, 2013, the Organization's fiscal year 2009 through 2011 tax returns are open for examination by the IRS.

7. Fair Value of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

7. Fair Value of Financial Instruments (Continued)

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level II – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

8. Functional Allocation of Expenses

Donated services are allocated based on job descriptions and the best estimates of management. Expenses, other than donated services, which are not directly identifiable by program or supporting service, are allocated based on the best estimate of management.

9. Risks and Uncertainties

The Organization invests in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of activities. Subsequent to year-end, there continues to be fluctuations in the fair market value of investments due to changes in market conditions and other factors.

B. Cash and Cash Equivalents

Cash and cash equivalents consisted of a book balance of \$2,848,444 and a bank balance of \$2,848,373 of which \$500,000 was insured by federal depository insurance. The remaining \$2,348,373 was uninsured and uncollateralized.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

C. Fair Value Measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 3.A. – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest in Maricopa County Community College District Foundation Investment Pool	\$ -	\$ -	\$ 5,419,431	\$ 5,419,431
Interest in Arizona Community Foundation Investment Pool	-	-	1,247,097	1,247,097
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,666,528</u>	<u>\$ 6,666,528</u>

The Organization has monies held and administered by the Maricopa County Community District Foundation and Arizona Community Foundation to enhance investment return opportunity and as a means of holding the Organization’s unrestricted net assets. Under the agreements with the Maricopa County Community District Foundation and Arizona Community Foundation, the funds will remain at the Maricopa County Community District Foundation and Arizona Community Foundation as endowment funds. The funds are stated at fair value, which was determined based on quoted market prices.

As both the resource provider (the transferor of assets to the Maricopa County Community District Foundation and Arizona Community Foundation) and as the self-named beneficiary, Friends of Public Radio Arizona recognizes the funds held by the Maricopa County Community District Foundation and Arizona Community Foundation as community foundation holdings and classifies the fund in long-term assets. The Maricopa County Community District Foundation and Arizona Community Foundation hold these assets in a board advised fund with the income and principal available for distribution to the Organization subject to the Organization’s Board of Director’s approval and subject to the Organization advising that the distribution be made in accordance with the provisions the respective agreements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

C. Fair Value Measurements (Continued)

The board designated endowments net assets and activity for the year ended June 30, 2013 consisted of the following:

	Unrestricted Board Designated
Board Designated Endowment Net Assets - Beginning	\$ 3,329,400
Contributions	3,037,236
Interest and Dividends	98,579
Realized Gain	74,628
Change in Interest in Maricopa County Community Foundation Investment Pool	119,382
Change in Interest in Arizona Community Foundation Investment Pool	49,721
Management Fees	(42,418)
Board Designated Endowment Net Assets - Ending	\$ 6,666,528

Level 3 Assets and Liabilities

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2013:

	Arizona Community Foundation Investment Pool	Maricopa County Community College District Foundation Investment Pool
Balances at July 1, 2012	\$ 525,406	\$ 2,803,994
Purchases	637,236	2,400,000
Realized Gain (Loss)	29,449	45,179
Interest and Dividends	11,302	87,277
Change in value	49,721	119,382
Fees	(6,017)	(36,401)
Balances at June 30, 2013	\$ 1,247,097	\$ 5,419,431

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

D. Donated Goods and Services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.

The Organization received \$371,149 of donated management and fundraising services during the year ended June 30, 2013 that is included in revenues and expenses in the statement of activities. The value of donated services was obtained using the personnel costs from the organization that provided the personnel. Additionally, the Organization received proceeds of \$225,104 from the auction of donated vehicles.

The Organization also received \$19,820 in donated auction items for its special events. These donations are included in special event revenue and expenses on the statement of activities.