

**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)
YEARS ENDED JUNE 30, 2021 AND 2020**



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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 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 years ended June 30, 2021 and 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KJZZ – FM Radio and KBAQ – FM Radio and the discretely presented component unit as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stations' basic financial statements. The accompanying KJZZ – FM Radio and KBAQ – FM Radio Statement of Activities by Licensee (other supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
February 2, 2022

REQUIRED SUPPLEMENTARY INFORMATION

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

This discussion and analysis introduces the financial statements and provides an overview of the Stations' financial activities for the years ended June 30, 2021 and 2020. Please read it in conjunction with the financial statements, which immediately follow.

FINANCIAL HIGHLIGHTS

- ◆ KJZZ- FM public radio is a listener supported community service providing listeners with a mix of news and information along with jazz music 24-hours a day.

KBAQ – FM public radio is a listener supported classical music station co-licensed to the Maricopa County Community Colleges and Arizona State University.

Sun Sounds of Arizona is a reading service providing news, information and entertainment to those who cannot read print due to a disability.

- ◆ Funding for KJZZ and KBAQ primarily comes from individual donations, grants and underwriting. Other sources include the Maricopa County Community College District and the Corporation for Public Broadcasting (CPB). Sun Sounds of Arizona is funded through support from the Maricopa County Community Colleges District, individual donations, and grants and from the State Department of Library, Archives and Public Records. All services benefit from fundraising events and car donation programs.
- ◆ Each year an annual strategic plan is produced and executed for each radio station in order to acquire revenue.

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, 2021 and 2020. 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 years ended June 30, 2021 and 2020. 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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

- ◆ The statement of cash flows reflects the inflows and outflows of cash and cash equivalents for the years ended June 30, 2021 and 2020. 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 years ended June 30, 2021 (FY2021) and 2020 (FY2020), comparative data is presented for the previous year ended June 30, 2019 (FY2019). This Management's Discussion and Analysis (MD&A) uses the prior year as a reference point to illustrate 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 net position. 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.

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

	2021				2020	2019
	KJZZ	Sun Sounds	KBAQ	Total		
ASSETS						
Current Assets	\$ 1,320,274	\$ 1,576	\$ 865,177	\$ 2,187,027	\$ 1,872,014	\$ 1,699,443
Capital Assets, Net	1,441,824	46,623	172,932	1,661,379	1,995,091	2,365,614
Total Assets	<u>2,762,098</u>	<u>48,199</u>	<u>1,038,109</u>	<u>3,848,406</u>	<u>3,867,105</u>	<u>4,065,057</u>
LIABILITIES						
Current Liabilities	409,298	67,030	216,715	693,043	209,162	264,535
Long-Term Liabilities	436,600	-	153,400	590,000	-	-
Total Liabilities	<u>845,898</u>	<u>67,030</u>	<u>370,115</u>	<u>1,283,043</u>	<u>209,162</u>	<u>264,535</u>
NET POSITION						
Investment in Capital Assets	1,441,824	46,623	172,932	1,661,379	1,995,091	2,365,614
Unrestricted Net Position	474,376	(65,454)	495,062	903,984	1,662,852	1,434,908
Total Net Position	<u>\$ 1,916,200</u>	<u>\$ (18,831)</u>	<u>\$ 667,994</u>	<u>\$ 2,565,363</u>	<u>\$ 3,657,943</u>	<u>\$ 3,800,522</u>

The Stations' overall financial position decreased in both FY2021 and FY2020, with total net position decreasing 30% from FY2020 to FY2021 and 4% from FY2019 to FY2020. The change in net position is further discussed following Table A-2 (Changes in Net Position) on the following page.

Total current assets for the stations in FY2021 increased \$0.3 million. The increase was due to an increase in cash and cash equivalents, net of a decrease in underwriting receivable. The cash increase was primarily due to an increase in unearned revenue of \$0.5 million and issuance of a Paycheck Protection Program (PPP) loan, offset by the Stations' net decrease in net position.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

Total current assets for the stations in FY2020 increased \$0.2 million. The increase was due to an increase in cash and cash equivalents and underwriting receivable. The cash increase was primarily due to an increase in funds transferred from Friends of Public Radio Arizona.

Capital assets at June 30, 2021 and 2020 totaled \$1.7 million and \$2.0 million, respectively, versus \$2.4 million in 2019. Net decreases in FY2021 and FY2020 were due to the net effect of current year depreciation expense and current year additions. The Stations had additions of \$31k and depreciation expense of \$0.4 million in FY2021, representing amounts similar to those in FY2020. Additional information on capital assets can be found in the Notes to Financial Statements – Note 2.A.2.

In FY2021, liabilities increased \$1.1 million from FY2020. The primary increase in liabilities was the issuance of a \$0.6 million Paycheck Protection Program (PPP) loan by MCCCDC for sole benefit of the Stations and an increase in unearned revenue of \$0.5 million due to unspent restricted CPB funding.

In FY2020, liabilities decreased \$55k from FY2019. Accounts payable decreased over FY2019 by \$73k due to the timing of payments at or near year-end and unearned revenue increased \$16k due to unspent restricted CPB funding.

The condensed financial information below 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.

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

	2021			2020	2019	
	KJZZ	Sun Sounds	KBAQ			Total
OPERATING REVENUES	\$ 2,844,349	\$ 111,448	\$ 847,058	\$ 3,802,855	\$ 5,015,495	\$ 3,833,726
OPERATING EXPENSES						
Education and General	10,671,009	396,183	2,896,373	13,963,565	15,873,968	14,471,391
Depreciation	217,467	45,714	98,772	361,953	398,799	419,164
Total Operating Expenses	<u>10,888,476</u>	<u>441,897</u>	<u>2,995,145</u>	<u>14,325,518</u>	<u>16,272,767</u>	<u>14,890,555</u>
OPERATING LOSS	(8,044,127)	(330,449)	(2,148,087)	(10,522,663)	(11,257,272)	(11,056,829)
NONOPERATING REVENUES	<u>7,259,241</u>	<u>214,727</u>	<u>1,956,115</u>	<u>9,430,083</u>	<u>11,114,693</u>	<u>11,292,347</u>
CHANGE IN NET POSITION	(784,886)	(115,722)	(191,972)	(1,092,580)	(142,579)	235,518
Net Position - Beginning of Year	<u>2,701,086</u>	<u>96,891</u>	<u>859,966</u>	<u>3,657,943</u>	<u>3,800,522</u>	<u>3,565,004</u>
NET POSITION - END OF YEAR	<u>\$ 1,916,200</u>	<u>\$ (18,831)</u>	<u>\$ 667,994</u>	<u>\$ 2,565,363</u>	<u>\$ 3,657,943</u>	<u>\$ 3,800,522</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

The Stations show an operating loss in each of the three fiscal years, reflective of the fact that 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, reported a decrease of \$1.2 million in FY2021 and an increase of \$1.2 million FY2020. Licensee appropriations are expenses paid on behalf of the stations by MCCC 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. Shared administrative support is a calculation of how much indirect support is provided to the Stations' by the licensees. Revenues are recognized in an amount equal to expenses through contributions from MCCC and Arizona State University (ASU). In FY 2021, operating revenues decreased over FY2020 due to a \$1.4 million decrease in shared administrative support, offset by an increase in licensee appropriations and other revenues. The decrease in shared administrative support is reflective of the impacts of the COVID-19 pandemic and the shared costs allocated to the Stations. In FY2020, operating revenues increased over the previous fiscal year due to a \$0.2 million decrease in general appropriations due to adjustments in personnel, net of an increase of a \$1.4 million in shared administrative support. Shared administrative support increased due to a change in the calculation of support based on guidance provided by the CPB.

Nonoperating revenues, primarily comprised of listener donations, corporate underwriting, and private grants and contracts, showed a decrease of \$1.7 million in FY2021 largely due to a decrease in private gifts (\$1.1 million decrease), private grants and contracts (\$0.2 million decrease), and underwriting revenue (\$0.5 million decrease), offset by an increase in government grants and contracts (\$0.1 million increase).

Friends of Public Radio Arizona transferred \$5.2 million and \$6.1 million to the Stations in FY2021 and FY2020, respectively, accounting for a majority of the decrease in private grants. Friends of Public Radio Arizona is a non-profit 501c(3) organization that stewards revenues raised by the stations through listener donations, events, and grants.

Private grants and contracts decreased \$0.2 million. The decrease was the net result of the following: KJZZ radio station received \$0.3 million in American Recovery Program funds in the current year that was recorded as unearned revenue since no funds were expended, received a \$0.1 million CARES Act grant in FY2020 that was not received in the current year and received \$0.1 million less in CPB funding in the current year. KBAQ radio station received \$0.2 million of American Recovery Program funds, of which \$0.1 million was expended and recognized as revenue in the current year and received a \$0.1 million CARES Act grant in FY2020 that was not received in FY2021.

The Stations received less in underwriting revenue in FY2021 compared to FY2020, which is reflective of the impacts of the COVID-19 pandemic on the economy and listener support and advertising revenue, which impacted both private grants (largely received through Friends of Public Radio) and underwriting revenue.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

Nonoperating revenues, primarily comprised of listener donations, corporate underwriting, and private grants and contracts, showed a decrease of \$0.2 million in FY2020 largely due to a decrease in underwriting revenue. Friends of Public Radio Arizona transferred \$6.1 million to the Stations in FY2020 and FY2019. Friends of Public Radio Arizona is a non-profit 501c(3) organization that stewards revenues raised by the stations through listener donations, events and grants. Private grants and contracts increased \$82k, while private gifts remained relatively unchanged.

In FY2021, operating expenses decreased \$1.9 million over the previous fiscal year. Programming and production decreased \$0.3 million, broadcasting decreased \$0.1 million, management and general decreased \$1.4 million, and fundraising decreased \$0.1 million. The decreases are due to reducing staffing levels, managing operating expenses during the COVID-19 pandemic and the \$1.2 million decrease in shared administrative support (recorded in management and general) discussed previously in the operating revenues on the previous page. Depreciation expense saw a slight decrease due to certain assets that were disposed of as well as less depreciation on older equipment.

In FY2020, operating expenses increased \$1.4 million over the previous fiscal year largely due to the change in the calculation of the shared administrative support. Programming and production increased \$0.1 million, while management and general increased \$1.2 million. Depreciation expense saw a slight decrease due to certain assets that were disposed of as well as less depreciation on older equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets at June 30, 2021, 2020, and 2019 totaled \$1.7 million, \$2.0 million, and \$2.4 million, respectively. The decrease in FY2021 and FY2020 was due to the net effect of additions and current year depreciation.

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

	2021	2020	2019
Land Improvements	\$ 634,731	\$ 674,500	\$ 714,269
Buildings and Improvements	884,055	1,090,829	1,297,603
Equipment	142,593	229,762	353,742
Total	\$ 1,661,379	\$ 1,995,091	\$ 2,365,614

Major capital asset activity during FY2021 and FY2020 were:

- ◆ FY2021 – Depreciation expense of \$361,953 and additions of only \$30,712
- ◆ FY2020 – Depreciation expense of \$398,799 and additions of only \$30,365

Additional information on the Stations' capital assets can be found in Note 2.A.2.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

Long-Term Debt

At the end of the current fiscal year, the Stations had total long-term debt outstanding of \$0.6 million.

**Table A-4
Outstanding Debt**

	2021	2020	2019
PPP Loan Program	\$ 590,000	\$ -	\$ -

On February 24, 2021, the Maricopa County Community College District (MCCCD) received an unsecured loan from JPMorgan Chase Bank, N.A. in the amount of \$590,000 for the benefit of the Stations to fund payroll costs through the Paycheck Protection Program (the PPP Loan).

Additional information on the Stations' long-term debt can be found in Note 2.C. of this report.

Economic Factors and Next Year's Budget

- ◆ There has been uncertainty in overall philanthropic giving due to COVID-19 this past year. Audience metrics have slowly returned to normal. We expect member retention and member revenue growth to be stable. We will continue to implement strategic outreach and fundraising practices to grow revenue.

- ◆ Operating support from the Corporation for Public Broadcasting is expected to remain constant during the coming year. Currently, there are no pending changes in the federal administration, thus giving us no reason to believe that there will be efforts to reduce or eliminate funding for CPB during the coming year. Any future budget cuts, eliminations, or sequestrations will possibly affect funding to the Corporation for Public Broadcasting, which provides the stations with ongoing grant support.

- ◆ Support from our parent institution, Rio Salado College, is expected to continue.

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.

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.

BASIC FINANCIAL STATEMENTS

KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 918,305	\$ 716,598	\$ 1,634,903
Receivables (Net of Allowance):			
Private Grants and Gifts	-	67,188	67,188
Underwriting	373,673	79,079	452,752
Other Assets	29,872	2,312	32,184
Total Current Assets	<u>1,321,850</u>	<u>865,177</u>	<u>2,187,027</u>
Noncurrent Assets:			
Capital Assets (Net):			
Depreciable	<u>1,488,447</u>	<u>172,932</u>	<u>1,661,379</u>
Total Assets	2,810,297	1,038,109	3,848,406
LIABILITIES			
Current Liabilities:			
Accounts Payable	18,211	23,449	41,660
Accrued Liabilities	3,826	585	4,411
Unearned Revenue	454,291	192,681	646,972
Long-Term Liabilities:			
Paycheck Protection Program Loan	<u>436,600</u>	<u>153,400</u>	<u>590,000</u>
Total Current Liabilities	<u>912,928</u>	<u>370,115</u>	<u>1,283,043</u>
NET POSITION			
Investment in Capital Assets	1,488,447	172,932	1,661,379
Unrestricted	<u>408,922</u>	<u>495,062</u>	<u>903,984</u>
Total Net Position	<u>\$ 1,897,369</u>	<u>\$ 667,994</u>	<u>\$ 2,565,363</u>

See accompanying Notes to Basic Financial Statements.

2020		
KJZZ FM Radio	KBAQ FM Radio	Combined Total
\$ 665,922	\$ 633,463	\$ 1,299,385
-	-	-
462,419	79,150	541,569
24,929	6,131	31,060
<u>1,153,270</u>	<u>718,744</u>	<u>1,872,014</u>
 1,727,555	 267,536	 1,995,091
 2,880,825	 986,280	 3,867,105
 26,530	 2,135	 28,665
3,470	530	4,000
52,848	123,649	176,497
-	-	-
<u>82,848</u>	<u>126,314</u>	<u>209,162</u>
 1,727,555	 267,536	 1,995,091
1,070,422	592,430	1,662,852
<u>\$ 2,797,977</u>	<u>\$ 859,966</u>	<u>\$ 3,657,943</u>

See accompanying Notes to Basic Financial Statements.

KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
REVENUES			
Operating Revenues:			
Licensee Appropriations	\$ 494,386	\$ 129,431	\$ 623,817
Shared Administrative Support	2,432,757	717,627	3,150,384
Other Operating Revenues	28,654	-	28,654
Total Operating Revenues	<u>2,955,797</u>	<u>847,058</u>	<u>3,802,855</u>
EXPENSES			
Operating Expenses:			
Educational and General:			
Programming and Production	2,910,881	1,136,508	4,047,389
Program Information	294	-	294
Broadcasting	3,491,863	457,349	3,949,212
Management and General	3,028,744	831,231	3,859,975
Fundraising	1,635,410	471,285	2,106,695
Depreciation	263,181	98,772	361,953
Total Operating Expenses	<u>11,330,373</u>	<u>2,995,145</u>	<u>14,325,518</u>
OPERATING LOSS	(8,374,576)	(2,148,087)	(10,522,663)
NONOPERATING REVENUES (EXPENSES)			
Government Grants and Contracts	107,252	-	107,252
State Appropriations	-	323,817	323,817
Private Gifts	4,883,427	964,355	5,847,782
Private Grants and Contracts	546,932	293,111	840,043
Underwriting	1,932,957	377,303	2,310,260
Other Income	3,400	-	3,400
Gain (Loss) on Disposal of Capital Assets	-	(2,471)	(2,471)
Total Nonoperating Revenues	<u>7,473,968</u>	<u>1,956,115</u>	<u>9,430,083</u>
CHANGE IN NET POSITION	(900,608)	(191,972)	(1,092,580)
Net Position - Beginning of Year	<u>2,797,977</u>	<u>859,966</u>	<u>3,657,943</u>
NET POSITION - END OF YEAR	<u>\$ 1,897,369</u>	<u>\$ 667,994</u>	<u>\$ 2,565,363</u>

See accompanying Notes to Basic Financial Statements.

2020		
KJZZ FM Radio	KBAQ FM Radio	Combined Total
\$ 359,846	\$ 84,567	\$ 444,413
3,734,775	836,307	4,571,082
-	-	-
<u>4,094,621</u>	<u>920,874</u>	<u>5,015,495</u>
3,047,965	1,276,772	4,324,737
333	-	333
3,618,768	449,897	4,068,665
4,281,414	966,853	5,248,267
1,736,949	495,017	2,231,966
298,402	100,397	398,799
<u>12,983,831</u>	<u>3,288,936</u>	<u>16,272,767</u>
(8,889,210)	(2,368,062)	(11,257,272)
-	2,200	2,200
-	323,812	323,812
5,837,177	1,117,112	6,954,289
759,961	292,686	1,052,647
2,313,838	464,693	2,778,531
5,303	-	5,303
-	(2,089)	(2,089)
<u>8,916,279</u>	<u>2,198,414</u>	<u>11,114,693</u>
27,069	(169,648)	(142,579)
<u>2,770,908</u>	<u>1,029,614</u>	<u>3,800,522</u>
<u>\$ 2,797,977</u>	<u>\$ 859,966</u>	<u>\$ 3,657,943</u>

See accompanying Notes to Basic Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Licensee Appropriations and Shared			
Administrative Support	\$ 2,927,143	\$ 847,058	\$ 3,774,201
Payments to Employees	(5,692,407)	(1,229,139)	(6,921,546)
Payments to Suppliers	(5,387,691)	(1,642,046)	(7,029,737)
Other Operating Revenues	28,654	-	28,654
Net Cash Used by Operating Activities	<u>(8,124,301)</u>	<u>(2,024,127)</u>	<u>(10,148,428)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government Grants and Contracts	107,252	-	107,252
Private Grants and Contracts	913,199	293,923	1,207,122
Private Gifts and Underwriting Received for Other than Capital Purposes	6,940,306	1,342,761	8,283,067
State Appropriations	-	323,817	323,817
Other Nonoperating Receipts	3,400	-	3,400
Paycheck Protection Program Loan Proceeds	436,600	153,400	590,000
Net Cash Provided by Noncapital Financing Activities	<u>8,400,757</u>	<u>2,113,901</u>	<u>10,514,658</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(24,073)	(6,639)	(30,712)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	252,383	83,135	335,518
Cash and Cash Equivalents - Beginning of Year	<u>665,922</u>	<u>633,463</u>	<u>1,299,385</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 918,305</u></u>	<u><u>\$ 716,598</u></u>	<u><u>\$ 1,634,903</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	\$ (8,374,576)	\$ (2,148,087)	\$ (10,522,663)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	263,181	98,772	361,953
Change in Assets and Liabilities:			
Other Assets	(4,943)	3,819	(1,124)
Accounts Payable	(8,319)	21,314	12,995
Accrued Liabilities	356	55	411
Net Cash Used by Operating Activities	<u><u>\$ (8,124,301)</u></u>	<u><u>\$ (2,024,127)</u></u>	<u><u>\$ (10,148,428)</u></u>

See accompanying Notes to Basic Financial Statements.

2020		
KJZZ FM Radio	KBAQ FM Radio	Combined Total
\$ 4,094,621	\$ 920,874	\$ 5,015,495
(5,964,842)	(1,259,885)	(7,224,727)
(6,759,684)	(1,924,890)	(8,684,574)
-	-	-
<u>(8,629,905)</u>	<u>(2,263,901)</u>	<u>(10,893,806)</u>
-	2,200	2,200
723,672	306,125	1,029,797
8,193,126	1,583,927	9,777,053
-	323,812	323,812
5,303	-	5,303
-	-	-
<u>8,922,101</u>	<u>2,216,064</u>	<u>11,138,165</u>
(15,813)	(14,552)	(30,365)
-	-	-
<u>276,383</u>	<u>(62,389)</u>	<u>213,994</u>
<u>389,539</u>	<u>695,852</u>	<u>1,085,391</u>
<u>\$ 665,922</u>	<u>\$ 633,463</u>	<u>\$ 1,299,385</u>
\$ (8,889,210)	\$ (2,368,062)	\$ (11,257,272)
298,402	100,397	398,799
16,708	19,419	36,127
(57,497)	(15,860)	(73,357)
1,692	205	1,897
<u>\$ (8,629,905)</u>	<u>\$ (2,263,901)</u>	<u>\$ (10,893,806)</u>

See accompanying Notes to Basic Financial Statements.

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**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENTS OF FINANCIAL POSITION – COMPONENT UNIT
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,283,561	\$ 2,284,565
Pledged Receivable	100,000	169,458
Inventory	8,101	8,586
Total Current Assets	4,391,662	2,462,609
NONCURRENT ASSETS		
Interest in Arizona Community Foundation Investment Pool	3,034,675	2,460,713
Property and Equipment	278,947	334,311
Total Noncurrent Assets	3,313,622	2,795,024
Total Assets	\$ 7,705,284	\$ 5,257,633
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 44,059	\$ 34,901
Deferred Revenue	280	-
Total Current Liabilities	44,339	34,901
NET ASSETS		
Without Donor Restrictions	6,285,838	4,766,493
With Donor Restrictions	1,375,107	456,239
Total Net Assets	7,660,945	5,222,732
Total Liabilities and Net Assets	\$ 7,705,284	\$ 5,257,633

See accompanying Notes to Basic Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2021**

	2021		
	Without Donor Restriction	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 6,697,352	\$ 1,132,111	\$ 7,829,463
Donated Goods and Services	444,478	-	444,478
Investment Income, Net	186,321	-	186,321
Other Revenue	102,418	-	102,418
Change in Interest in Arizona Community Foundation Investment Pool	391,010	-	391,010
Special Events Revenue	\$ 34,861		
Less: Cost of Direct Benefit to Donors	<u>(7,832)</u>		
Total Net Special Events	27,029	-	27,029
Net Assets Released from Restriction	213,243	(213,243)	-
Total Revenues and Support	<u>8,061,851</u>	<u>918,868</u>	<u>8,980,719</u>
EXPENSES			
Program Services	5,650,552	-	5,650,552
Support Services	230,357	-	230,357
Fundraising	661,597	-	661,597
Total Expenses	<u>6,542,506</u>	<u>-</u>	<u>6,542,506</u>
CHANGE IN NET ASSETS	1,519,345	918,868	2,438,213
Net Assets - Beginning of Year	<u>4,766,493</u>	<u>456,239</u>	<u>5,222,732</u>
NET ASSETS - END OF YEAR	<u>\$ 6,285,838</u>	<u>\$ 1,375,107</u>	<u>\$ 7,660,945</u>

See accompanying Notes to Basic Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2020**

	2020		
	Without Donor Restriction	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 6,307,340	\$ 430,813	\$ 6,738,153
Donated Goods and Services	444,113	-	444,113
Investment Income, Net	95,653	-	95,653
Other Revenue	106,191	-	106,191
Change in Interest in Arizona Community Foundation Investment Pool	(39,669)	-	(39,669)
Special Events Revenue	\$ 206,600		
Less: Cost of Direct Benefit to Donors	<u>(106,518)</u>		
Total Net Special Events	100,082	-	100,082
Net Assets Released from Restriction	372,646	(372,646)	-
Total Revenues and Support	<u>7,386,356</u>	<u>58,167</u>	<u>7,444,523</u>
EXPENSES			
Program Services	6,761,433	-	6,761,433
Support Services	263,430	-	263,430
Fundraising	762,171	-	762,171
Total Expenses	<u>7,787,034</u>	<u>-</u>	<u>7,787,034</u>
CHANGE IN NET ASSETS	(400,678)	58,167	(342,511)
Net Assets - Beginning of Year	<u>5,167,171</u>	<u>398,072</u>	<u>5,565,243</u>
NET ASSETS - END OF YEAR	<u>\$ 4,766,493</u>	<u>\$ 456,239</u>	<u>\$ 5,222,732</u>

See accompanying Notes to Basic Financial Statements.

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 (GASB). A summary of the Stations’ more significant accounting policies follows.

A. Reporting Entity

The Stations are a departmental operation, not a component unit, of the Maricopa County Community College District (MCCCD) 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 (MCCCD). MCCCD provides administrative and other financial support to the Stations. The Stations’ financial statements include those portions of MCCCD’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 MCCCD. 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 of Public Radio Arizona (Friends) is a legally separate, 501(c)(3) nonprofit 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 MCCCD 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.

For financial reporting purposes, Friends follows Financial Accounting Standards Board (FASB) statements for nonprofit 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 accounting principles generally accepted in the United States of America for public colleges and universities.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

During the years ended June 30, 2021 and 2020, Friends distributed \$5,211,095 and \$6,098,685, respectively, 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, Arizona 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 nonfiduciary activities of the Stations.

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.

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.

Cash in bank is pooled with the Maricopa County Community College District and is insured or collateralized at 103% of the bank balance.

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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position (Continued)

2. Receivables

All receivables are shown net of allowance for uncollectibles. An allowance of \$20,947 and \$22,677 for KJZZ and an allowance of \$6,211 and \$5,245 for KBAQ was reported at June 30, 2021 and 2020, respectively.

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 acquisition 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 to 7 Years

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 category.

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.

6. Pension Expense

The Stations are departments of Maricopa County Community College District (MCCCD) and therefore do not report a net pension liability. Payroll related expenses are allocated to the departments and the underlying liability is the responsibility of MCCCD.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Cash and Cash Equivalents

Deposits and investments at June 30, 2021 consist of the following:

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
Deposits:			
Cash in Bank	<u>\$ 918,305</u>	<u>\$ 716,598</u>	<u>\$ 1,634,903</u>

Deposits and investments at June 30, 2020 consist of the following:

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
Deposits:			
Cash in Bank	<u>\$ 665,922</u>	<u>\$ 633,463</u>	<u>\$ 1,299,385</u>

The Stations do not have a formal policy with respect to custodial credit risk. The Stations did not hold any investments at June 30, 2021 or 2020.

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Combined capital asset activity for KJZZ – FM Radio and KBAQ – FM Radio for the years ended June 30, 2021 and 2020 was as follows:

	2021			Ending Balances
	Beginning Balances	Increases	Decreases	
Depreciable Assets				
Land Improvements	\$ 782,606	\$ -	\$ -	\$ 782,606
Buildings and Improvements	4,338,042	-	-	4,338,042
Equipment	3,290,181	30,712	(92,170)	3,228,723
Total Depreciable Assets	8,410,829	30,712	(92,170)	8,349,371
Accumulated Depreciation				
Land Improvements	(108,106)	(39,769)	-	(147,875)
Buildings and Improvements	(3,247,213)	(206,774)	-	(3,453,987)
Equipment	(3,060,419)	(115,410)	89,699	(3,086,130)
Total Accumulated Depreciation	(6,415,738)	(361,953)	89,699	(6,687,992)
Net Depreciable Assets	1,995,091	(331,241)	(2,471)	1,661,379
Total Capital Assets	<u>\$ 1,995,091</u>	<u>\$ (331,241)</u>	<u>\$ (2,471)</u>	<u>\$ 1,661,379</u>
	2020			
	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Assets				
Land Improvements	\$ 782,606	\$ -	\$ -	\$ 782,606
Buildings and Improvements	4,338,042	-	-	4,338,042
Equipment	3,413,706	30,365	(153,890)	3,290,181
Total Depreciable Assets	8,534,354	30,365	(153,890)	8,410,829
Accumulated Depreciation				
Land Improvements	(68,337)	(39,769)	-	(108,106)
Buildings and Improvements	(3,040,439)	(206,774)	-	(3,247,213)
Equipment	(3,059,964)	(152,256)	151,801	(3,060,419)
Total Accumulated Depreciation	(6,168,740)	(398,799)	151,801	(6,415,738)
Net Depreciable Assets	2,365,614	(368,434)	(2,089)	1,995,091
Total Capital Assets	<u>\$ 2,365,614</u>	<u>\$ (368,434)</u>	<u>\$ (2,089)</u>	<u>\$ 1,995,091</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Unearned Revenues

Changes in unearned revenues for the year ended June 30, 2021 were as follows.

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
Beginning Balance - July 1, 2020	\$ 52,848	\$ 123,649	\$ 176,497
Additions:			
Current Year Contributions and Grants	621,026	233,304	854,330
Deductions:			
Contributions and Grants Recognized as Revenue	(254,759)	(165,304)	(420,063)
Increase in Prepaid Underwriter Contributions	<u>35,176</u>	<u>1,032</u>	<u>36,208</u>
Ending Balance - June 30, 2021	<u>\$ 454,291</u>	<u>\$ 192,681</u>	<u>\$ 646,972</u>

Changes in unearned revenues for the year ended June 30, 2020 were as follows.

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
Beginning Balance - July 1, 2019	\$ 56,198	\$ 104,212	\$ 160,410
Additions:			
Current Year Contributions and Grants	40,802	61,642	102,444
Deductions:			
Contributions and Grants Recognized as Revenue	(77,091)	(48,203)	(125,294)
Increase in Prepaid Underwriter Contributions	<u>32,939</u>	<u>5,998</u>	<u>38,937</u>
Ending Balance - June 30, 2020	<u>\$ 52,848</u>	<u>\$ 123,649</u>	<u>\$ 176,497</u>

Unearned revenues at June 30, 2021 and June 30, 2020 consist of unexpended grants and unearned underwriting contributions for programs not yet broadcast.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations

Paycheck Protection Program – On February 24, 2021, the Maricopa County Community College District (MCCCD) received a loan from JPMorgan Chase Bank, N.A. in the amount of \$590,000 to fund payroll costs through the Paycheck Protection Program (the PPP Loan). The PPP loan bears interest at a fixed rate of 0.98% per annum, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if MCCCD fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from March 15, 2021 to August 30, 2021, is the time that a business has to spend their PPP Loan funds. The Stations have classified the loan as long-term.

MCCCD intends to complete the application for forgiveness; however, as of the date of this report, an application of forgiveness has yet to be completed.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Station’s financial position.

Changes in long-term debt obligations for the fiscal year ended June 30, 2021 are as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Business-Type Activities:					
Loans Payable					
PPP Loan	\$ -	\$ 590,000	\$ -	\$ 590,000	\$ -

The Stations had no long-term debt in the fiscal year ended June 30, 2020.

NOTE 3 OTHER INFORMATION

A. Contingent Liabilities

Lawsuits – Maricopa County Community College District (District) is a defendant in a lawsuit related to a claim against the Stations and is vigorously defending the claim. In the opinion of the District’s attorney, neither the outcome of this lawsuit or the estimated liability to the District in the event of an unfavorable decision for the District is presently determinable.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 stations 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 accounting principles generally accepted in the United States of America (U.S. GAAP). 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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

4. Restricted Contributions

Support is recognized when received. Support that is restricted by the donor/grantor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Support that is perpetually restricted by the donor/grantor is reported as an increase in net assets with donor restrictions.

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 follows 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 Organization has not identified any uncertain tax positions.

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 maximizes the use of observable inputs by requiring that the observable inputs be used when available. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

7. Fair Value of Financial Instruments (Continued)

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – 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 3 – 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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2021 and 2020 consisted of a book balance of \$4,283,561 and \$2,284,565, respectively. The bank balances of \$4,267,255 and \$2,286,052, respectively, were each covered in the amount, of \$250,000 by federal depository insurance. The remaining \$4,017,255 and \$2,036,052, respectively, was uninsured and uncollateralized.

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 4.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:

	2021			
	Level 1	Level 2	Level 3	Total
Interest in Arizona Community Foundation Investment Pool	\$ -	\$ -	\$ 3,034,675	\$ 3,034,675
	2020			
	Level 1	Level 2	Level 3	Total
Interest in Arizona Community Foundation Investment Pool	\$ -	\$ -	\$ 2,460,713	\$ 2,460,713

The Organization holds assets in an agreement with the Arizona Community Foundation. Under this agreement, the funds will remain at Arizona Community Foundation as board designated 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 Arizona Community Foundation) and as the self-named beneficiary, Friends of Public Radio Arizona recognizes the funds held by the Arizona Community Foundation as community foundation holdings and classifies the funds in long-term assets. The Arizona Community Foundation holds 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 directors' approval and subject to the Organization advising that the distribution be made in accordance with the provisions of the agreement.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

C. Fair Value Measurements (Continued)

The board-designated endowments net assets and activity for the years ended June 30 consisted of the following:

	Board-Designated	
	2021	2020
Board Designated Endowment Net Assets - Beginning	\$ 2,460,713	\$ 2,413,808
Contributions and Fund Transfers	1,629	-
Interest and Dividends	181,323	86,574
Change in Value in Arizona Community Foundation Investment Pool	391,010	(39,669)
Board Designated Endowment Net Assets - Ending	<u>\$ 3,034,675</u>	<u>\$ 2,460,713</u>

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

	2021	2020
	Arizona Community Foundation Investment Pool	Arizona Community Foundation Investment Pool
Balances - Beginning of Year	\$ 2,460,713	\$ 2,413,808
Contributions and Fund Transfers	1,629	-
Investment Income	181,323	86,574
Change in Value	391,010	(39,669)
Balances - End of Year	<u>\$ 3,034,675</u>	<u>\$ 2,460,713</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 accounting principles generally accepted in the United States of America have not been satisfied.

The Organization received \$444,478 and \$444,113 of donated management and fundraising services during the years ended June 30, 2021 and 2020, respectively, from KBAQ and KJZZ 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 services. Additionally, the Organization received proceeds of \$945,749 and \$555,121 from the auction of donated vehicles in 2021 and 2020, respectively.

The Organization also received \$0 and \$14,553 in donated auction items for its special events during the years ended June 30, 2021 and 2020, respectively. These donations are included in special event revenue and expenses on the statement of activities.

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OTHER SUPPLEMENTARY INFORMATION

**KJZZ – FM RADIO AND KBAQ – FM RADIO
OTHER SUPPLEMENTARY INFORMATION
STATEMENT OF ACTIVITIES BY LICENSEE
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>KJZZ</u>	<u>KBAQ</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and Donations	\$ 6,084,687	\$ 1,744,776	\$ 7,829,463
Donated Goods and Services	328,914	115,564	444,478
Investment Income, Net	137,877	48,444	186,321
Other Revenue	101,772	646	102,418
Change in Interest in Arizona Community Foundation Investment Pool	289,347	101,663	391,010
Special Events Revenue	26,061	8,800	34,861
Less: Cost of Direct Benefit to Donors	<u>(5,945)</u>	<u>(1,887)</u>	<u>(7,832)</u>
Total Revenues and Support	<u>6,962,713</u>	<u>2,018,006</u>	<u>8,980,719</u>
EXPENSES			
Distributions to Public Radio	4,501,946	709,149	5,211,095
Public Radio Program Production	212,621	15,326	227,947
Professional Fees	40,524	42,436	82,960
Advertising	3,363	1,181	4,544
Public Awareness	89,344	53,636	142,980
Membership	188,288	63,184	251,472
Donated Services	328,914	115,564	444,478
Conference, Conventions, and Meetings	1,152	405	1,557
Donations Processing and Bank Fees	79,928	26,051	105,979
Depreciation	54,434	-	54,434
Other	<u>12,729</u>	<u>2,331</u>	<u>15,060</u>
Total Expenses	<u>5,513,243</u>	<u>1,029,263</u>	<u>6,542,506</u>
CHANGE IN NET ASSETS	<u>\$ 1,449,470</u>	<u>\$ 988,743</u>	<u>\$ 2,438,213</u>

Note: This statement provides a reconciliation of the allocation of Friends of Public Radio Arizona to KJZZ – FM Radio and KBAQ – FM Radio to the Statement of Activities for Friends of Public Radio Arizona presented in the basic financial statements for the year ended June 30, 2021.

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