

**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, 2014**

**KJZZ - FM RADIO AND KBAQ - FM RADIO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2014**

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
KJZZ – FM RADIO AND KBAQ – FM RADIO STATEMENTS OF NET POSITION	9
FRIENDS OF PUBLIC RADIO ARIZONA STATEMENT OF FINANCIAL POSITION	10
KJZZ – FM RADIO AND KBAQ – FM RADIO STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	11
FRIENDS OF PUBLIC RADIO ARIZONA STATEMENT OF ACTIVITIES	12
KJZZ – FM RADIO AND KBAQ – FM RADIO STATEMENTS OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	15

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, 2014, 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, 2014, 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, 2014, 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
November 24, 2014

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

This discussion and analysis introduces the financial statements and provides an overview of the Stations' financial activities for the year ended June 30, 2014. 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 and KJZZ's Spot 127 Youth Media Center, provide listeners with community engagement projects, along with 24 daily hours of news, information, and acoustic jazz music. 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 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 for all services.
- ◆ Economic recovery for Arizona, as with the rest of the country, continues to be slow. Continued lack of consumer confidence – combined with the emerging global economic crisis – creates a challenging environment for charitable giving to the non-profit sector. The Stations have succeeded in generating additional membership revenue during the past year and corporate support continues its trend to provide modest improvement over the prior year.
- ◆ Business continues to be soft. KJZZ and KBAQ have continued with 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 2014, new member sustaining revenue has exceeded thirty percent and total sustaining revenue for KJZZ has reached fifty percent.
- ◆ Nationwide audience rating measurement tools used by KBAQ reveal a national downward trend for public radio music formats - particularly for jazz and classical music. The stations are to deploy 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 2014.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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, 2014. 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, 2014. 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, 2014. 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, 2014 (FY2014), comparative data is presented for the previous year ending June 30, 2013 (FY2013). 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, 2014**

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

	2014				2013	Variance
	KJZZ	Sun Sounds	KBAQ	Total		
ASSETS						
Current Assets	\$ 829,284	\$ 32,523	\$ 412,921	\$ 1,274,728	\$ 1,055,857	20.7%
Capital Assets, Net	1,062,355	444,014	523,207	2,029,576	1,941,388	4.5%
Total Assets	1,891,639	476,537	936,128	3,304,304	2,997,245	10.2%
LIABILITIES						
Current Liabilities	125,243	3,220	53,806	182,269	300,332	-39.3%
NET POSITION						
Investment in Capital Assets	1,062,355	444,014	523,207	2,029,576	1,941,388	4.5%
Unrestricted Net Position	704,041	29,303	359,115	1,092,459	755,525	44.6%
Total Net Position	\$ 1,766,396	\$ 473,317	\$ 882,322	\$ 3,122,035	\$ 2,696,913	15.8%

The Stations' overall financial position increased in FY2014, with total net position increasing \$0.4 million from FY2013 to FY2014. Total current assets for the stations increased \$0.2 million. The increase was the net effect of a \$0.3 million increase in cash and a \$0.1 million decrease in receivables. The cash increase of \$0.3 million was primarily due to the growth in sustaining memberships, which yielded a higher retention rate and resulted in higher lifetime revenues per donor. The net decrease in receivables was due to a \$0.2 million decrease in private grants receivable and a \$0.1 million increase in underwriting receivable. The decrease in private grants and increase in underwriting receivables was due to normal minor fluctuations in receivables that occur from year to year.

Capital assets at June 30, 2014 and 2013 totaled \$2.0 million and \$1.9 million, respectively. The net increase in capital assets of approximately \$0.1 million was the net effect of a current year donation in the amount of \$0.4 million from Friends of Public Radio for building improvements net of current year depreciation expense of \$0.3 million. Additional information on capital assets can be found in the Notes to Financial Statements – Note 2.A.2.

Current liabilities decreased \$0.1 million due to normal minor fluctuations in liabilities that occur from year to year.

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, 2014**

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

	2014				2013	Variance
	KJZZ	Sun Sounds	KBAQ	Total		
Operating Revenues	\$ 2,205,984	\$ -	\$ 489,295	\$ 2,695,279	\$ 2,587,833	4.2%
Operating Expenses:						
Education and General	8,139,709	524,143	2,232,995	10,896,847	10,318,474	5.6%
Depreciation	142,632	72,566	148,235	363,433	352,747	3.0%
Total Operating Expenses	8,282,341	596,709	2,381,230	11,260,280	10,671,221	5.5%
Operating Loss	(6,076,357)	(596,709)	(1,891,935)	(8,565,001)	(8,083,388)	6.0%
Nonoperating Revenues	6,195,568	443,647	1,903,187	8,542,402	6,395,337	33.6%
Change in Net Position Before Capital Contributions	119,211	(153,062)	11,252	(22,599)	(1,688,051)	-98.7%
Capital Contribution	447,721	-	-	447,721	-	N/A
Change in Net Position	566,932	(153,062)	11,252	425,122	(1,688,051)	-125.2%
Net Position June 30, 2013	1,199,464	626,379	871,070	2,696,913	4,384,964	-38.5%
Net Position June 30, 2014	<u>\$ 1,766,396</u>	<u>\$ 473,317</u>	<u>\$ 882,322</u>	<u>\$ 3,122,035</u>	<u>\$ 2,696,913</u>	15.8%

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, experienced an increase of about \$0.1 million between FY2013 and FY2014. 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 increases in licensee appropriations and administrative support. 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 FY2014, 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 significant increase of \$2.1 million. The increase is largely due to the net effect of an increase in private gifts of \$2.5 million, a decrease in private grants and contracts of \$0.7 million, and an increase in underwriting revenues of approximately \$0.3 million. The increases in private gifts and corporate underwriting are due to modest growth in underwriting activity and significant growth in sustaining membership revenue, which results in a higher lifetime gift average per sustaining member. The decrease in private grants and contracts is due to the completion of the CPB funded *Fronteras: Changing America Desk* project.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Operating expenses increased \$0.6 million. The increase was due to a decrease of \$0.4 million in programming and production, an increase of \$0.5 million in broadcasting, an increase of \$0.3 million in management and general and an increase of \$0.2 million in fundraising. The increases were due investments in broadcasting, management, and fundraising personnel. The decrease in programming and production was due to reductions in acquired network programming.

Capital Assets

Capital assets at June 30, 2014 and 2013 totaled \$2.0 million and \$1.9 million, respectively. The Stations' only significant current year capital asset addition was a donation from Friends of Public Radio for Building Improvements in the amount of \$0.4 million. Depreciation expense for fiscal year ended June 30, 2014 did not significantly change from the previous fiscal year.

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

	2014	2013	Variance
Land Improvements	\$ 547	\$ 817	-33.0%
Buildings and Improvements	1,729,336	1,463,367	18.2%
Equipment	295,793	477,204	-38.0%
Construction in Progress	3,900	-	N/A
	<u>\$ 2,029,576</u>	<u>\$ 1,941,388</u>	<u>4.5%</u>

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 continue to 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 that was supposed to end during the first quarter for FY2014 ended during the third quarter of FY2014, requiring KJZZ to absorb nearly \$400,000 in operating costs for this Desk into its operating budget. This continues to 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 to 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 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, 2014**

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, 2014**

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 553,041	\$ 321,317	\$ 874,358
Receivables (Net of Allowance):			
Underwriting Receivable	284,905	82,557	367,462
Other Assets	23,861	9,047	32,908
Total Current Assets	<u>861,807</u>	<u>412,921</u>	<u>1,274,728</u>
Noncurrent Assets:			
Capital Assets (Net)			
Non-Depreciable	3,900	-	3,900
Depreciable	1,502,469	523,207	2,025,676
Total Noncurrent Assets	<u>1,506,369</u>	<u>523,207</u>	<u>2,029,576</u>
Total Assets	2,368,176	936,128	3,304,304
LIABILITIES			
Current Liabilities:			
Accounts Payable	31,329	1,575	32,904
Accrued Liabilities	56,140	-	56,140
Unearned Revenue	40,994	52,231	93,225
Total Current Liabilities	<u>128,463</u>	<u>53,806</u>	<u>182,269</u>
NET POSITION			
Investment in Capital Assets	1,506,369	523,207	2,029,576
Unrestricted	733,344	359,115	1,092,459
Total Net Position	<u>\$ 2,239,713</u>	<u>\$ 882,322</u>	<u>\$ 3,122,035</u>

See accompanying Notes to Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF FINANCIAL POSITION – COMPONENT UNIT
JUNE 30, 2014**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,099,256
Accounts Receivable	16,791
Total Current Assets	2,116,047

NONCURRENT ASSETS

Interest in Arizona Community Foundation Investment Pool	1,941,418
Interest in Maricopa County Community College District Foundation Investment Pool	6,122,560
Total Noncurrent Assets	8,063,978

Total Assets	\$ 10,180,025
--------------	---------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 26,627
------------------	-----------

NET ASSETS

Unrestricted	9,820,161
Temporarily Restricted	333,237
Total Net Assets	10,153,398

Total Liabilities and Net Assets	\$ 10,180,025
----------------------------------	---------------

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, 2014**

	<u>KJZZ FM Radio</u>	<u>KBAQ FM Radio</u>	<u>Combined Total</u>
REVENUES			
Operating Revenues:			
Licensee Appropriations	\$ 745,591	\$ 79,720	\$ 825,311
Shared Administrative Support	1,459,119	409,575	1,868,694
Other Operating Revenues	1,274	-	1,274
Total Operating Revenues	<u>2,205,984</u>	<u>489,295</u>	<u>2,695,279</u>
EXPENSES			
Operating Expenses:			
Educational and General:			
Programming and Production	2,820,036	1,027,938	3,847,974
Program Information	98,770	-	98,770
Broadcasting	2,177,049	251,921	2,428,970
Management and General	2,090,866	545,863	2,636,729
Fundraising	1,477,131	407,273	1,884,404
Depreciation	215,198	148,235	363,433
Total Operating Expenses	<u>8,879,050</u>	<u>2,381,230</u>	<u>11,260,280</u>
Operating Loss	(6,673,066)	(1,891,935)	(8,565,001)
NONOPERATING REVENUES (EXPENSES)			
Government Grants and Contracts	97,000	-	97,000
State Appropriations	-	365,766	365,766
Private Gifts	3,960,841	556,193	4,517,034
Private Grants and Contracts	529,511	161,203	690,714
Underwriting	2,017,554	817,163	2,834,717
Investment Income	37	2,862	2,899
Other Income	34,272	-	34,272
Total Nonoperating Revenues	<u>6,639,215</u>	<u>1,903,187</u>	<u>8,542,402</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTION	(33,851)	11,252	(22,599)
Capital Contribution	<u>447,721</u>	<u>-</u>	<u>447,721</u>
CHANGE IN NET POSITION	413,870	11,252	425,122
Net Position - Beginning of Year	<u>1,825,843</u>	<u>871,070</u>	<u>2,696,913</u>
NET POSITION - END OF YEAR	<u>\$ 2,239,713</u>	<u>\$ 882,322</u>	<u>\$ 3,122,035</u>

See accompanying Notes to Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 3,943,626	\$ 295,437	\$ 4,239,063
Donated Goods and Services	712,412	-	712,412
Investment Income	246,365	-	246,365
Other Revenue	14,975	-	14,975
Change in Interest in Arizona Community Foundation Investment Pool	170,666	-	170,666
Change in interest in Maricopa County Community College District Foundation Investment Pool	550,968	-	550,968
Special Events Revenue	\$ 280,618		
Less: Cost of Direct Benefit to Donors	(82,591)		
	198,027	-	198,027
Net Assets Released From Restriction	232,594	(232,594)	-
Total Revenues and Support	6,069,633	62,843	6,132,476
EXPENSES			
Program Services	4,558,193	-	4,558,193
Support Services	244,080	-	244,080
Fundraising	682,899	-	682,899
Total Expenses	5,485,172	-	5,485,172
CHANGE IN NET ASSETS	584,461	62,843	647,304
Net Assets - Beginning of Year	9,235,700	270,394	9,506,094
NET ASSETS - END OF YEAR	\$ 9,820,161	\$ 333,237	\$ 10,153,398

See accompanying Notes to Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Licensee Appropriations	\$ 2,204,710	\$ 489,295	\$ 2,694,005
Payments to Employees	(4,843,519)	(1,295,975)	(6,139,494)
Payments to Suppliers	(3,914,086)	(991,203)	(4,905,289)
Other Operating Revenues	1,274	-	1,274
Net Cash Used by Operating Activities	(6,551,621)	(1,797,883)	(8,349,504)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government Grants and Contracts	97,000	-	97,000
Private Grants and Contracts	754,127	192,496	946,623
Private Gifts and Underwriting Received for Other than Capital Purposes	5,893,430	1,358,344	7,251,774
State Appropriations		365,766	365,766
Other Non-Operating Receipts	34,272	-	34,272
Net Cash Provided by Noncapital Financing Activities	6,778,829	1,916,606	8,695,435
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(3,900)	-	(3,900)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	37	2,862	2,899
NET INCREASE IN CASH	223,345	121,585	344,930
Cash and Cash Equivalents - Beginning of Year	329,696	199,732	529,428
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 553,041	\$ 321,317	\$ 874,358

(Continued)

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

**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	\$ (6,673,066)	\$ (1,891,935)	\$ (8,565,001)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	215,198	148,235	363,433
Change in Assets and Liabilities:			
Other Assets	(6,428)	(4,036)	(10,464)
Accounts Payable	(31,252)	(50,093)	(81,345)
Accrued Liabilities	(56,073)	(54)	(56,127)
Net Cash Used by Operating Activities	<u>\$ (6,551,621)</u>	<u>\$ (1,797,883)</u>	<u>\$ (8,349,504)</u>

Noncash Activities

During the fiscal year, KJZZ-FM Radio received \$447,721 in donated capital assets.

KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

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.

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, 2014, Friends distributed \$3,730,066 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.

KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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 \$4,918 for KJZZ and an allowance of \$1,187 for KBAQ was reported at June 30, 2014.

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

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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Cash and Cash Equivalents

Deposits and investments at June 30, 2014 consist of the following:

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Deposits:			
Cash in Bank	\$ 514,014	\$ 297,961	\$ 811,975
Investments:			
State Treasurer's Investment Pool	39,027	23,356	62,383
Total Cash and Cash Equivalents	<u>\$ 553,041</u>	<u>\$ 321,317</u>	<u>\$ 874,358</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.

Investments

At June 30, 2014, 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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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 year ended June 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Non-Depreciable Assets				
Construction in Progress	\$ -	\$ 3,900	\$ -	\$ 3,900
Depreciable Assets				
Land Improvements	5,396	-	-	5,396
Buildings and Improvements	3,355,527	447,721	-	3,803,248
Equipment	3,359,531	-	(95,993)	3,263,538
Total Depreciable Assets	6,720,454	447,721	(95,993)	7,072,182
Accumulated Depreciation				
Land Improvements	(4,579)	(270)	-	(4,849)
Buildings and Improvements	(1,892,160)	(181,752)	-	(2,073,912)
Equipment	(2,882,327)	(181,411)	95,993	(2,967,745)
Total Accumulated Depreciation	(4,779,066)	(363,433)	95,993	(5,046,506)
Depreciable Assets	1,941,388	84,288	-	2,025,676
Total Capital Assets	\$ 1,941,388	\$ 88,188	\$ -	\$ 2,029,576

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Unearned Revenues

Changes in unearned revenues for the year ended June 30, 2014 were as follows.

	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Beginning Balance, July 1, 2013	\$ 60,931	\$ 12,885	\$ 73,816
Additions:			
Current Year Contributions and Grants	501,579	192,496	694,075
Deductions:			
Contributions and Grants Recognized as Revenue	(501,579)	(161,203)	(662,782)
Decrease in Prepaid Underwriter Contributions	(19,937)	8,053	(11,884)
Ending balance, June 30, 2014	<u>\$ 40,994</u>	<u>\$ 52,231</u>	<u>\$ 93,225</u>

Unearned revenues at June 30, 2014 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 placed KBAQ-FM Radio on a transition plan. The transition plan is 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.

The Station met the ASC requirements for FY14 and CPB removed restrictions on the CSG funding. However, CPB will evaluate the Station each of the next four years. If the Station fails to meet the ASC during those years, CPB will return the Station to the transition plan.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014

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, 2014.

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 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, 2014, the Organization's tax years 2010 through 2012 tax returns are open for examination by the IRS. The 2013 tax return is due November 15, 2014.

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, 2014

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 \$2,099,256 and a bank balance of \$2,136,772 of which \$750,000 was insured by federal depository insurance. The remaining \$1,386,772 was uninsured and uncollateralized.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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 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, 2014:

	<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	\$ -	\$ -	\$ 1,941,418	\$ 1,941,418
Interest in Arizona Community Foundation Investment Pool	-	-	6,122,560	6,122,560
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,063,978</u>	<u>\$ 8,063,978</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, 2014**

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, 2014 consisted of the following:

	Unrestricted Board Designated
Board Designated Endowment Net Assets - Beginning	\$ 6,666,528
Contributions	477,110
Realized Gain	95,977
Interest and Dividends	147,126
Change in Interest in Arizona Community Foundation Investment Pool	170,666
Change in Interest in Maricopa County Community Foundation Investment Pool	550,968
Management Fees	(44,396)
Board Designated Endowment Net Assets - Ending	\$ 8,063,978

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, 2014:

	Arizona Community Foundation Investment Pool	Maricopa County Community College District Foundation Investment Pool	Total
Balances at July 1, 2013	\$ 1,247,097	\$ 5,419,431	\$ 6,666,528
Purchases	477,110	-	477,110
Realized Gain (Loss)	41,189	54,788	95,977
Interest and Dividends	17,562	129,564	147,126
Change in Value	170,666	550,968	721,634
Fees	(12,205)	(32,191)	(44,396)
Balances at June 30, 2014	\$ 1,941,418	\$ 6,122,560	\$ 8,063,978

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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 \$399,449 of donated management and fundraising services during the year ended June 30, 2014 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 \$312,963 from the auction of donated vehicles.

The Organization also received \$11,604 in donated auction items for its special events. These donations are included in special event revenue and expenses on the statement of activities.