

**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, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Maricopa County Community College District
KJZZ – FM Radio and KBAQ – FM Radio
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinions

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 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Stations' basic financial statements as listed in the table of contents.

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, 2023 and 2022, 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.

Basis for Opinions

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

Emphasis of Matter

As described 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, 2023 and 2022, 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 Unified States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stations' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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 is the responsibility of management and, 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 GAAS, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stations' basic financial statements. The Supplementary Information (Friends of Public Radio Arizona Statement of Activities by Licensee) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the Friends of Public Radio Statement of Activities by Licensee is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 8, 2024

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REQUIRED SUPPLEMENTARY INFORMATION

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

This discussion and analysis introduces the financial statements and provides an overview of the KJZZ-FM Radio and KBAQ-FM Radio Stations' (the Stations) financial activities for the years ended June 30, 2023 and 2022. 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, 2023 and 2022. 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, 2023 and 2022. 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 years ended June 30, 2023 and 2022. 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.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Although the primary focus of this document is on the results of activity for years ended June 30, 2023 (FY2023) and 2022 (FY2022), comparative data is presented for the previous year ended June 30, 2021 (FY2021). 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, 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**

	2023				2022	2021
	KJZZ	Sun Sounds	KBAQ	Total		
ASSETS						
Current Assets	\$ 2,328,931	\$ 12,054	\$ 1,049,634	\$ 3,390,619	\$ 2,707,718	\$ 2,187,027
Capital Assets, Net	1,265,021	2,320	187,207	1,454,548	1,648,943	1,661,379
Total Assets	<u>3,593,952</u>	<u>14,374</u>	<u>1,236,841</u>	<u>4,845,167</u>	<u>4,356,661</u>	<u>3,848,406</u>
LIABILITIES						
Current Liabilities	286,022	66,975	156,960	509,957	321,427	693,043
Long-Term Liabilities	-	-	-	-	-	590,000
Total Liabilities	<u>286,022</u>	<u>66,975</u>	<u>156,960</u>	<u>509,957</u>	<u>321,427</u>	<u>1,283,043</u>
NET POSITION						
Investment in Capital Assets	1,265,021	2,320	187,207	1,454,548	1,648,943	1,661,379
Unrestricted Net Position	2,042,909	(54,921)	892,674	2,880,662	2,386,291	903,984
Total Net Position	<u>\$ 3,307,930</u>	<u>\$ (52,601)</u>	<u>\$ 1,079,881</u>	<u>\$ 4,335,210</u>	<u>\$ 4,035,234</u>	<u>\$ 2,565,363</u>

The Stations' overall financial position increased in FY2023 and FY2022, with total net position increasing 7% from FY2022 to FY2023 and decreasing 57% from FY2021 to FY2022. 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 FY2023 increased \$0.7 million. The increase was due to an increase in cash and cash equivalents (\$0.8 million) offset by a decrease in underwriting receivable (\$0.1 million). The cash increase was primarily due to an increase in unearned revenue and underwriting revenue.

Total current assets for the stations in FY2022 increased \$0.5 million. The increase was due to an increase in cash and cash equivalents (\$0.4 million) and an increase in underwriting receivable (\$0.2 million). The cash increase was primarily due to an increase in private gifts, grants, contracts, and underwriting revenue.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Capital assets at June 30, 2023 and 2022 totaled \$1.5 million and \$1.6 million, respectively, versus \$1.7 million in FY2021. Net decreases in FY2023 and FY2022 were due to the net effect of current year depreciation expense and current year additions/deletions. In FY2023, the Stations had depreciation expense of \$0.1 million. The Stations had additions of \$0.4 million, and depreciation expense of \$0.4 million in FY2022. Additional information on capital assets can be found in the Notes to Financial Statements – Note 2.A.2.

In FY2023, liabilities increased \$0.2 million from FY2022. The increase in liabilities was due an increase in unearned revenue of \$0.2 million associated with underwriting.

In FY2022, liabilities decreased \$1.0 million from FY2021. The decrease in liabilities was due to the forgiveness of the \$0.6 million Paycheck Protection Program (PPP) loan and a decrease in unearned revenue of \$0.4 million due to the use of restricted CPB funding. Both of these decreases were noncash decreases as the funds were received in the previous fiscal year but recognized as revenue in the current fiscal year.

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**

	2023				2022	2021
	KJZZ	Sun Sounds	KBAQ	Total		
OPERATING REVENUES	\$ 2,772,260	\$ 119,084	\$ 758,645	\$ 3,649,989	\$ 3,841,326	\$ 3,802,855
OPERATING EXPENSES						
Education and General	10,848,074	316,954	2,906,318	14,071,346	13,560,929	13,963,565
Depreciation	137,958	474	57,151	195,583	398,221	361,953
Total Operating Expenses	<u>10,986,032</u>	<u>317,428</u>	<u>2,963,469</u>	<u>14,266,929</u>	<u>13,959,150</u>	<u>14,325,518</u>
OPERATING LOSS	(8,213,772)	(198,344)	(2,204,824)	(10,616,940)	(10,117,824)	(10,522,663)
NONOPERATING REVENUES	<u>8,345,279</u>	<u>203,402</u>	<u>2,368,234</u>	<u>10,916,915</u>	<u>11,587,695</u>	<u>9,430,083</u>
CHANGE IN NET POSITION	131,507	5,058	163,410	299,975	1,469,871	(1,092,580)
Net Position - Beginning of Year	<u>3,176,423</u>	<u>(57,659)</u>	<u>916,471</u>	<u>4,035,235</u>	<u>2,565,363</u>	<u>3,657,943</u>
NET POSITION - END OF YEAR	<u>\$ 3,307,930</u>	<u>\$ (52,601)</u>	<u>\$ 1,079,881</u>	<u>\$ 4,335,210</u>	<u>\$ 4,035,234</u>	<u>\$ 2,565,363</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

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, decreased \$0.2 million to \$3.6 million in FY2023 as compared to FY2022. Operating revenues, including licensee appropriations and shared administrative support, reported a similar balance in FY2022 as in FY2021 (\$3.8 million). 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 FY2023, operating revenues decreased due to a \$0.2 million decrease in licensee appropriations.

Nonoperating revenues, primarily comprised of listener donations, corporate underwriting, and private gifts, grants and contracts, showed a decrease in nonoperating revenues of \$0.7 million in FY2023 largely due to a decrease in government grants and contracts (\$0.6 million decrease, reflective of the prior year loan forgiveness).

In FY2022, nonoperating revenues showed an increase of \$2.2 million in FY2022, largely due to an increase in government grants and contracts (\$0.6 million increase, reflective of the loan forgiveness), private gifts, grants and contracts (\$0.9 million increase), and underwriting revenue (\$0.6 million increase).

Friends of Public Radio Arizona transferred \$5.5 million and \$5.2 million to the Stations in FY2023 and FY2022, respectively. In FY2023, the increase was due to maintaining the same level of contributions from Friends of Public Radio and increased revenue through listener support and donations. Friends of Public Radio Arizona is a nonprofit 501c(3) organization that stewards revenues raised by the Stations through listener donations, events, and grants. The transfers in FY2022 were comparable to FY2021.

Private grants and contracts decreased \$0.2 million in FY2023 largely due to a decrease in restricted grant funding in the current year. Private grants and contracts increased \$0.4 million in 2022 largely due to the use and recognition of previously reported unearned restricted revenues.

The Stations received increased underwriting revenues increased \$0.3 million to \$3.2 million in FY2023 compared to FY2022 due to increased spots and rates. In FY2022, as the country recovered from the pandemic, the Stations experienced listener support and advertising revenue that was more in line with pre-pandemic support.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

In FY2023, operating expenses increased \$0.2 million over the previous fiscal year. Broadcasting increased \$0.2 million, management and general increased \$0.2 million, and fundraising increased \$0.3 million, while programming and production decreased \$0.2 million and depreciation expense decreased \$0.2 million due to certain older assets being fully depreciated.

In FY2022, operating expenses decreased \$0.4 million over the previous fiscal year largely due to a decrease in personnel, offset by a modest salary adjustment. Programming and production increased \$0.3 million, while broadcasting decreased \$0.6 million and management and general decreased \$0.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets at June 30, 2023, 2022, and 2021 totaled \$1.5 million, \$1.6 million, and \$1.7 million, respectively. The decreases in FY2023 and FY2022 were due to the net effect of additions and current year depreciation.

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

	2023	2022	2021
Land Improvements	\$ 555,193	\$ 594,962	\$ 634,731
Buildings and Improvements	626,508	677,281	884,055
Equipment	272,847	376,700	142,593
Total	\$ 1,454,548	\$ 1,648,943	\$ 1,661,379

Major capital asset activity during FY2023 and FY2022 were:

- ◆ FY 2023 – Depreciation expense of \$195,583.
- ◆ FY 2022 – Depreciation expense of \$398,221 and additions of \$385,785.

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

Long-Term Debt

At the end of the current fiscal year, the Stations had no long-term debt outstanding.

**Table A-4
Outstanding Debt**

	2023	2022	2021
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). The loan was forgiven during FY2022 and subsequently recognized as revenue.

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

**KJZZ - FM RADIO AND KBAQ - FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Economic Factors and Next Year's Budget

- ◆ As the state and community adjust to the new sense of normal, we are tracking revenue sources and seeing some trending in higher underwriting and lower individual giving because of concerns over the economy in FY2023. Audience metrics have slowed and reflect changes in market use of audio. The current state of the U-S economy and global tensions we are seeing a drop in member retention and we are devising ways to stem member loss and continue to add revenue. We will continue to implement strategic approaches to revenue and expenses to adapt to a changing marketplace.
- ◆ Operating support from the Corporation for Public Broadcasting (CPB) is expected to remain constant during the coming year. Currently, there are several funding bills in Congress that could significantly change federal funding to CPB. Most of these would effect future funding and not affect current year allocations. Any future budget cuts, eliminations, or sequestrations could 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-FM, KBAQ-FM, Sun Sounds and Spot 127 Digital 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, 2023 AND 2022

	2023		
	KJZZ FM Radio	KBAQ FM Radio	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,884,427	\$ 942,826	\$ 2,827,253
Receivables (Net of Allowance):			
Private Grants and Gifts	-	5,000	5,000
Underwriting	402,417	95,232	497,649
Other Assets	54,141	6,576	60,717
Total Current Assets	<u>2,340,985</u>	<u>1,049,634</u>	<u>3,390,619</u>
Noncurrent Assets:			
Capital Assets (Net):			
Depreciable	<u>1,267,341</u>	<u>187,207</u>	<u>1,454,548</u>
Total Noncurrent Assets	<u>1,267,341</u>	<u>187,207</u>	<u>1,454,548</u>
Total Assets	3,608,326	1,236,841	4,845,167
LIABILITIES			
Current Liabilities:			
Accounts Payable	71,968	18,161	90,129
Accrued Liabilities	7,554	2,175	9,729
Unearned Revenue	<u>273,475</u>	<u>136,624</u>	<u>410,099</u>
Total Current Liabilities	<u>352,997</u>	<u>156,960</u>	<u>509,957</u>
NET POSITION			
Investment in Capital Assets	1,267,341	187,207	1,454,548
Unrestricted	<u>1,987,988</u>	<u>892,674</u>	<u>2,880,662</u>
Total Net Position	<u>\$ 3,255,329</u>	<u>\$ 1,079,881</u>	<u>\$ 4,335,210</u>

See accompanying Notes to Basic Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2023 AND 2022**

2022		
KJZZ FM Radio	KBAQ FM Radio	Total
\$ 1,305,454	\$ 695,683	\$ 2,001,137
-	41,705	41,705
540,874	72,107	612,981
43,197	8,698	51,895
1,889,525	818,193	2,707,718
1,405,665	243,278	1,648,943
1,405,665	243,278	1,648,943
3,295,190	1,061,471	4,356,661
39,001	18,464	57,465
5,987	1,800	7,787
131,438	124,737	256,175
176,426	145,001	321,427
1,405,665	243,278	1,648,943
1,713,099	673,192	2,386,291
\$ 3,118,764	\$ 916,470	\$ 4,035,234

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, 2023 AND 2022

	2023		
	KJZZ FM Radio	KBAQ FM Radio	Total
REVENUES			
Operating Revenues:			
Licensee Appropriations	\$ 275,325	\$ 52,097	\$ 327,422
Shared Administrative Support	2,583,387	706,548	3,289,935
Other Operating Revenues	32,632	-	32,632
Total Operating Revenues	<u>2,891,344</u>	<u>758,645</u>	<u>3,649,989</u>
EXPENSES			
Operating Expenses:			
Educational and General:			
Programming and Production	2,949,680	1,258,301	4,207,981
Broadcasting	3,250,511	342,801	3,593,312
Management and General	3,130,970	799,015	3,929,985
Fundraising	1,833,867	506,201	2,340,068
Depreciation	138,432	57,151	195,583
Total Operating Expenses	<u>11,303,460</u>	<u>2,963,469</u>	<u>14,266,929</u>
OPERATING LOSS	(8,412,116)	(2,204,824)	(10,616,940)
NONOPERATING REVENUES (EXPENSES)			
Government Grants and Contracts	96,657	-	96,657
State Appropriations	-	323,706	323,706
Private Gifts	5,179,014	1,184,917	6,363,931
Private Grants and Contracts	721,447	221,981	943,428
Underwriting	2,552,534	637,630	3,190,164
Gain (Loss) on Disposal of Capital Assets	(971)	-	(971)
Total Nonoperating Revenues	<u>8,548,681</u>	<u>2,368,234</u>	<u>10,916,915</u>
CHANGE IN NET POSITION	136,565	163,410	299,975
Net Position - Beginning of Year	<u>3,118,764</u>	<u>916,471</u>	<u>4,035,235</u>
NET POSITION - END OF YEAR	<u>\$ 3,255,329</u>	<u>\$ 1,079,881</u>	<u>\$ 4,335,210</u>

See accompanying Notes to Basic Financial Statements.

KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

		2022	
KJZZ FM Radio	KBAQ FM Radio	Total	
\$ 375,586	\$ 208,671	\$ 584,257	
2,419,264	665,893	3,085,157	
<u>171,912</u>	<u>-</u>	<u>171,912</u>	
2,966,762	874,564	3,841,326	
3,123,194	1,267,962	4,391,156	
3,013,434	374,675	3,388,109	
2,973,415	754,825	3,728,240	
1,613,952	439,472	2,053,424	
<u>271,525</u>	<u>126,696</u>	<u>398,221</u>	
<u>10,995,520</u>	<u>2,963,630</u>	<u>13,959,150</u>	
(8,028,758)	(2,089,066)	(10,117,824)	
534,260	153,387	687,647	
-	323,812	323,812	
5,304,327	1,074,372	6,378,699	
963,462	290,757	1,254,219	
2,448,104	495,214	2,943,318	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>9,250,153</u>	<u>2,337,542</u>	<u>11,587,695</u>	
1,221,395	248,476	1,469,871	
<u>1,897,369</u>	<u>667,994</u>	<u>2,565,363</u>	
<u>\$ 3,118,764</u>	<u>\$ 916,470</u>	<u>\$ 4,035,234</u>	

See accompanying Notes to Basic Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023		
	KJZZ FM Radio	KBAQ FM Radio	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Licensee Appropriations and Shared			
Administrative Support	\$ 2,858,712	\$ 758,645	\$ 3,617,357
Payments to Employees	(5,719,349)	(1,206,035)	(6,925,384)
Payments to Suppliers	(5,423,060)	(1,698,089)	(7,121,149)
Other Operating Revenues	32,632	-	32,632
Net Cash Used by Operating Activities	<u>(8,251,065)</u>	<u>(2,145,479)</u>	<u>(10,396,544)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government Grants and Contracts	96,999	-	96,999
Private Grants and Contracts	721,447	265,025	986,472
Private Gifts and Underwriting Received for			
Other than Capital Purposes	8,012,671	1,804,971	9,817,642
State Appropriations	-	323,706	323,706
Net Cash Provided by Noncapital Financing Activities	<u>8,831,117</u>	<u>2,393,702</u>	<u>11,224,819</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(1,079)	(1,080)	(2,159)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	578,973	247,143	826,116
Cash and Cash Equivalents - Beginning of Year	<u>1,305,454</u>	<u>695,683</u>	<u>2,001,137</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,884,427</u></u>	<u><u>\$ 942,826</u></u>	<u><u>\$ 2,827,253</u></u>
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	\$ (8,412,116)	\$ (2,204,824)	\$ (10,616,940)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	138,432	57,151	195,583
Income on Disposal of Capital Assets	(971)	-	(971)
Change in Assets and Liabilities:			
Other Assets	(10,944)	2,122	(8,822)
Accounts Payable	32,967	(303)	32,664
Accrued Liabilities	1,567	375	1,942
Net Cash Used by Operating Activities	<u><u>\$ (8,251,065)</u></u>	<u><u>\$ (2,145,479)</u></u>	<u><u>\$ (10,396,544)</u></u>

See accompanying Notes to Basic Financial Statements.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

2022		
KJZZ FM Radio	KBAQ FM Radio	Total
\$ 2,794,850	\$ 874,564	\$ 3,669,414
(5,556,921)	(1,174,618)	(6,731,539)
(5,157,448)	(1,672,472)	(6,829,920)
171,912	-	171,912
(7,747,607)	(1,972,526)	(9,720,133)
97,660	-	97,660
642,482	238,215	880,697
7,583,357	1,586,626	9,169,983
-	323,812	323,812
8,323,499	2,148,653	10,472,152
(188,743)	(197,042)	(385,785)
387,149	(20,915)	366,234
918,305	716,598	1,634,903
\$ 1,305,454	\$ 695,683	\$ 2,001,137

KJZZ FM Radio	KBAQ FM Radio	Combined Total
\$ (8,028,758)	\$ (2,089,066)	\$ (10,117,824)
271,525	126,696	398,221
-	-	-
(13,325)	(6,386)	(19,711)
20,790	(4,985)	15,805
-	-	-
2,161	1,215	3,376
\$ (7,747,607)	\$ (1,972,526)	\$ (9,720,133)
\$ -	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

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**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENTS OF FINANCIAL POSITION – COMPONENT UNIT
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,539,766	\$ 4,760,975
Pledge Receivable	170,000	-
Prepaid Expenses	82,500	-
Inventory	7,033	7,099
Total Current Assets	5,799,299	4,768,074
NONCURRENT ASSETS		
Interest in Arizona Community Foundation Investment Pool	2,996,491	2,725,135
Property and Equipment	68,715	17,082
Total Noncurrent Assets	3,065,206	2,742,217
Total Assets	\$ 8,864,505	\$ 7,510,291
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 20,864	\$ 111,261
Total Current Liabilities	20,864	111,261
NET ASSETS		
Without Donor Restrictions	7,889,579	6,938,697
With Donor Restrictions	954,062	460,333
Total Net Assets	8,843,641	7,399,030
Total Liabilities and Net Assets	\$ 8,864,505	\$ 7,510,291

See accompanying Notes to Basic Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2023**

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 6,834,471	\$ 762,761	\$ 7,597,232
Investment Income, Net	123,923	-	123,923
Other Revenue	80,774	-	80,774
Change in Interest in Arizona Community Foundation Investment Pool	103,795	-	103,795
Special Events Revenue	\$ 157,425		
Less: Cost of Direct Benefit to Donors	<u>(108,458)</u>		
Total Net Special Events	48,967	-	48,967
Net Assets Released from Restriction	269,032	(269,032)	-
Total Revenues and Support	<u>7,460,962</u>	<u>493,729</u>	<u>7,954,691</u>
EXPENSES			
Program Services	5,981,932	-	5,981,932
Support Services	196,239	-	196,239
Fundraising	668,558	-	668,558
Total Expenses	<u>6,846,729</u>	<u>-</u>	<u>6,846,729</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	614,233	493,729	1,107,962
Equity Transfer - Donated Services from Affiliate	<u>336,649</u>	<u>-</u>	<u>336,649</u>
CHANGE IN NET ASSETS	950,882	493,729	1,444,611
Net Assets - Beginning of Year	<u>6,938,697</u>	<u>460,333</u>	<u>7,399,030</u>
NET ASSETS - END OF YEAR	<u><u>\$ 7,889,579</u></u>	<u><u>\$ 954,062</u></u>	<u><u>\$ 8,843,641</u></u>

See accompanying Notes to Basic Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES – COMPONENT UNIT
YEAR ENDED JUNE 30, 2022**

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 7,005,098	\$ 417,577	\$ 7,422,675
Investment Income, Net	77,310	-	77,310
Other Revenue	87,735	-	87,735
Change in Interest in Arizona Community Foundation Investment Pool	(378,175)	-	(378,175)
Special Events Revenue	\$ 5,620		
Less: Cost of Direct Benefit to Donors	<u>(5,510)</u>		
Total Net Special Events	110	-	110
Net Assets Released from Restriction	1,427,643	(1,427,643)	-
Total Revenues and Support	<u>8,219,721</u>	<u>(1,010,066)</u>	<u>7,209,655</u>
EXPENSES			
Program Services	6,865,278	-	6,865,278
Support Services	210,245	-	210,245
Fundraising	644,488	-	644,488
Total Expenses	<u>7,720,011</u>	<u>-</u>	<u>7,720,011</u>
GAINS AND LOSSES			
Loss on Sale of Property and Equipment	<u>171,019</u>	<u>-</u>	<u>171,019</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	328,691	(1,010,066)	(681,375)
Equity Transfer - Donated Services from Affiliate	<u>324,168</u>	<u>-</u>	<u>324,168</u>
CHANGE IN NET ASSETS	652,859	(1,010,066)	(357,207)
Net Assets - Beginning of Year	6,285,838	1,375,107	7,660,945
Correction of an Error (Renovation Campaign Pledges)	-	95,292	95,292
Net Assets - Beginning of Year, As Restated	<u>6,285,838</u>	<u>1,470,399</u>	<u>7,756,237</u>
NET ASSETS - END OF YEAR	<u>\$ 6,938,697</u>	<u>\$ 460,333</u>	<u>\$ 7,399,030</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, 2023 AND 2022**

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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

During the years ended June 30, 2023 and 2022, Friends distributed \$5,589,584 and \$5,267,202, 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, 2023 AND 2022**

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 uncollectible accounts. An allowance of \$20,920 and \$31,004 for KJZZ and an allowance of \$4,926 and \$4,350 for KBAQ was reported at June 30, 2023 and 2022, 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: investment in capital assets and unrestricted net position. 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, 2023 AND 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Cash and Cash Equivalents

Deposits and investments consisted of the following at June 30:

	2022		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Deposits:			
Cash in Bank	\$ 1,884,427	\$ 942,826	\$ 2,827,253
	2021		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Deposits:			
Cash in Bank	\$ 1,305,454	\$ 695,683	\$ 2,001,137

The Stations do not have a formal policy with respect to custodial credit risk. The Stations did not hold any investments at June 30, 2023 or 2022.

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**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 was as follows:

	2023			Ending Balances
	Beginning Balances	Increases	Decreases	
Depreciable Assets				
Land Improvements	\$ 782,606	\$ -	\$ -	\$ 782,606
Buildings and Improvements	4,338,042	-	-	4,338,042
Equipment	<u>3,204,705</u>	<u>2,159</u>	<u>(149,481)</u>	<u>3,057,383</u>
Total Depreciable Assets	8,325,353	2,159	(149,481)	8,178,031
Accumulated Depreciation				
Land Improvements	(187,644)	(39,769)	-	(227,413)
Buildings and Improvements	(3,660,761)	(50,773)	-	(3,711,534)
Equipment	<u>(2,828,005)</u>	<u>(105,041)</u>	<u>148,510</u>	<u>(2,784,536)</u>
Total Accumulated Depreciation	<u>(6,676,410)</u>	<u>(195,583)</u>	<u>148,510</u>	<u>(6,723,483)</u>
Net Depreciable Assets	<u>1,648,943</u>	<u>(193,424)</u>	<u>(971)</u>	<u>1,454,548</u>
Total Capital Assets	<u>\$ 1,648,943</u>	<u>\$ (193,424)</u>	<u>\$ (971)</u>	<u>\$ 1,454,548</u>
	2022			Ending Balances
	Beginning Balances	Increases	Decreases	
Depreciable Assets				
Land Improvements	\$ 782,606	\$ -	\$ -	\$ 782,606
Buildings and Improvements	4,338,042	-	-	4,338,042
Equipment	<u>3,228,723</u>	<u>385,785</u>	<u>(409,803)</u>	<u>3,204,705</u>
Total Depreciable Assets	8,349,371	385,785	(409,803)	8,325,353
Accumulated Depreciation				
Land Improvements	(147,875)	(39,769)	-	(187,644)
Buildings and Improvements	(3,453,987)	(206,774)	-	(3,660,761)
Equipment	<u>(3,086,130)</u>	<u>(151,678)</u>	<u>409,803</u>	<u>(2,828,005)</u>
Total Accumulated Depreciation	<u>(6,687,992)</u>	<u>(398,221)</u>	<u>409,803</u>	<u>(6,676,410)</u>
Net Depreciable Assets	<u>1,661,379</u>	<u>(12,436)</u>	<u>-</u>	<u>1,648,943</u>
Total Capital Assets	<u>\$ 1,661,379</u>	<u>\$ (12,436)</u>	<u>\$ -</u>	<u>\$ 1,648,943</u>

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Unearned Revenues

Changes in unearned revenues were as follows for the years ended June 30:

	2023		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Beginning Balance - July 1, 2022	\$ 131,438	\$ 124,737	\$ 256,175
Additions:			
Current Year Contributions and Grants	818,446	228,319	1,046,765
Increase in Prepaid Underwriter Contributions	207,938	22,658	230,596
Deductions:			
Contributions and Grants Recognized as Revenue	(818,104)	(221,980)	(1,040,084)
Decrease in Prepaid Underwriter Contributions	(66,243)	(17,110)	(83,353)
Ending Balance - June 30, 2023	<u>\$ 273,475</u>	<u>\$ 136,624</u>	<u>\$ 410,099</u>
	2022		
	KJZZ FM Radio	KBAQ FM Radio	Combined Total
Beginning Balance - July 1, 2021	\$ 454,291	\$ 192,681	\$ 646,972
Additions:			
Current Year Contributions and Grants	268,140	56,609	324,749
Deductions:			
Contributions and Grants Recognized as Revenue	(589,120)	(134,634)	(723,754)
Increase in Prepaid Underwriter Contributions	(1,873)	10,081	8,208
Ending Balance - June 30, 2022	<u>\$ 131,438</u>	<u>\$ 124,737</u>	<u>\$ 256,175</u>

Unearned revenues at June 30, 2023 and 2022 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, 2023 AND 2022**

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 previously classified the loan as long-term.

MCCCD applied for and received for forgiveness of the loan during the year ended June 30, 2022. The loan balance was reduced to zero and recognized as revenue in FY22.

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

	2022				
	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Business-Type Activities:					
Loans Payable					
PPP Loan	\$ 590,000	\$ -	\$ (590,000)	\$ -	\$ -

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, 2023 AND 2022**

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, 2023 AND 2022**

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:

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

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

7. Fair Value of Financial Instruments (Continued)

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.

B. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2023 and 2022 consisted of a book balance of \$5,539,766 and \$4,760,975, respectively. The bank balances of \$5,559,654 and \$4,736,699, respectively, were each covered in the amount, of \$250,000 by federal depository insurance. The remaining \$5,309,654 and \$4,486,699, respectively, was uninsured and uncollateralized.

**KJZZ - FM RADIO AND KBAQ - FM RADIO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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:

		2023			
		Level 1	Level 2	Level 3	Total
Interest in Arizona Community Foundation Investment Pool		\$ -	\$ -	\$ 2,996,491	\$ 2,996,491
		2022			
		Level 1	Level 2	Level 3	Total
Interest in Arizona Community Foundation Investment Pool		\$ -	\$ -	\$ 2,725,135	\$ 2,725,135

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, 2023 AND 2022**

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	
	2023	2022
Board-Designated Endowment Net Assets - Beginning	\$ 2,725,135	\$ 3,034,675
Contributions and Fund Transfers	100,700	-
Interest and Dividends	66,861	68,635
Change in Value in Arizona Community Foundation Investment Pool	103,795	(378,175)
Board-Designated Endowment Net Assets - Ending	\$ 2,996,491	\$ 2,725,135

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:

	2023	2022
	Arizona Community Foundation Investment Pool	Arizona Community Foundation Investment Pool
Purchases	\$ 167,561	\$ -

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 \$336,649 and \$324,168 of donated management and fundraising services during the years ended June 30, 2023 and 2022, respectively, from KBAQ and KJZZ that is included in equity transfers/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 \$538,714 and \$662,866 from the auction of donated vehicles in 2023 and 2022, respectively.

There were no donated services or goods with donor restrictions received during the years ended June 30, 2023 and 2022, respectively.

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SUPPLEMENTARY INFORMATION

**KJZZ – FM RADIO AND KBAQ – FM RADIO
SUPPLEMENTARY INFORMATION
FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES BY LICENSEE
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>KJZZ</u>	<u>KBAQ</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and Donations	\$ 5,912,809	\$ 1,684,423	\$ 7,597,232
Investment Income, Net	94,150	29,773	123,923
Other Revenue	80,033	741	80,774
Change in Interest in Arizona Community Foundation Investment Pool	79,441	24,354	103,795
Special Events Revenue	78,713	78,712	157,425
Less: Cost of Direct Benefit to Donors	<u>(54,229)</u>	<u>(54,229)</u>	<u>(108,458)</u>
Total Revenues and Support	6,190,917	1,763,774	7,954,691
EXPENSES			
Distributions to Public Radio	4,707,967	881,617	5,589,584
Public Radio Program Production	159,532	984	160,516
Professional Fees	42,237	52,767	95,004
Public Awareness	116,669	76,236	192,905
Membership	227,629	72,533	300,162
Donated Services	255,853	80,796	336,649
Conference, Conventions, and Meetings	3,616	1,141	4,757
Donations Processing and Bank Fees	81,005	25,877	106,882
Depreciation	7,958	-	7,958
Other	17,846	2,041	19,887
Special Event	70,441	70,442	140,883
Total	<u>5,690,753</u>	<u>1,264,434</u>	<u>6,955,187</u>
Less: Expenses Netted Against Revenues			
Special Event Expenses	<u>(54,229)</u>	<u>(54,229)</u>	<u>(108,458)</u>
Total Expenses	5,636,524	1,210,205	6,846,729
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	554,393	553,569	1,107,962
Equity Transfer - Donated Services from Affiliates	<u>255,853</u>	<u>80,796</u>	<u>336,649</u>
CHANGE IN NET ASSETS	<u>\$ 810,246</u>	<u>\$ 634,365</u>	<u>\$ 1,444,611</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, 2023.



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