



Sonnenberg & Company, CPAs

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Leonard C. Sonnenberg, CPA

**KSDS Jazz 88
Audited Financial Statements
June 30, 2009 and 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
San Diego Community College District
KSDS Jazz 88

We have audited the accompanying statements of net assets of KSDS Jazz 88, (the Station) a discrete unit of San Diego Community College District, as of June 30, 2009 and 2010, and the related statements of revenues, expenses and changes in net assets, of cash flows, and of functional expenses for the years then ended. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of KSDS Jazz 88 as of June 30, 2009 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis, beginning on page i, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

December 17, 2010


Sonnenberg & Company, CPAs

**KSDS-Jazz 88 - A Discrete Unit of San Diego Community College District
Management's Discussion and Analysis**
Fiscal Years ended June 30, 2009 and 2010

The following discussion and analysis of the financial statements of KSDS Jazz 88.3 (the Station) provide general readers with an overview of the Station's financial position and results of operations for the fiscal years ended June 30, 2009 and 2010. Management has prepared the following discussion and analysis, and it should be read with the audited financial statements and related footnotes which follow this section.

KSDS Jazz 88.3 (the Station) is an enterprise fund, and a discrete educational unit of the San Diego Community College District. The Station's purpose is to provide education and experience in operating a non-profit, non-commercial educational radio station, licensed to the San Diego Community College District. The Station also serves as Community Outreach for the District and the Educational Communities within the District, as well as providing community service to the County of San Diego. The District provides substantial institutional support to supplement the Station's operations.

KSDS Jazz 88.3 is also administered in part by the San Diego City College Foundation, which provides custodial services of managing and disbursing funds, and oversight by the Foundation's Board of Directors.

The radio station was founded in 1951, began programming jazz in 1973 and became San Diego's only full-time jazz radio station in 1985. KSDS Jazz 88.3 broadcasts 24 hours a day from the campus of San Diego City College with 22,000 watts at 88.3 on the FM radio dial.

FINANCIAL ORGANIZATION

The Station integrates three sources of revenue from its District sources: San Diego Community College District General Fund, San Diego Community College District Radio Station Allocation, and San Diego City College Foundation. The two District sources are funds provided to the Station by its licensee (San Diego Community College District). The funds from the San Diego City College Foundation are entirely generated by KSDS through its various fund-raising activities.

ECONOMIC FACTORS AND OUTLOOK

Station revenues will be dependant upon six primary sources:

1. San Diego Community College District (SDCCD)
2. Membership of individual donors
3. Grants and funding from Foundations
4. Underwriting from businesses and not-for-profit organizations
5. Special events
6. Donations of automobiles and in-kind services provided

For the foreseeable future, we anticipate funding from both SDCCD and Grant sources to remain relatively stable. Individual membership should continue to expand due to improved management and software and the growth of the Development Department. The former

**KSDS-Jazz 88 - A Discrete Unit of San Diego Community College District
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Membership Director now heads all development activities and a new Membership Director is in place. The Station, additionally, has added new levels of membership that create the opportunity for donors to give at even greater levels than in the past. However, individual and corporate donations are somewhat exposed to economic conditions within the community.

Our greatest opportunity for increased revenue will result from continued efforts to solicit underwriting for the Station, its programs and events. The Station has seen some of the benefits of that individual's efforts during FY 2009 and 2010. FY 2010 witnessed decreased underwriting revenue due, in no small part, to economic problems, both national and local. As the business climate improves, we anticipate our underwriting efforts to bear significantly improved results.

A second area of opportunity is Special Events. The Station, with great assistance from community volunteers, undertook the presentation of a major Jazz Festival in 2004 that attracted 450 attendees but netted the station -\$35,000. In 2005, 700 persons attended and the Station netted -\$30,000. The 2007 Festival grew to over 1,000 attendees and the station revenues exceeded \$5,000. However, economic conditions forced the withdrawal of underwriting support in 2009 and the Festival, though attracting a record 1,100+ attendees, but lost \$38,000. The Station suspended the Festival in 2009 and re-established the Festival in 2010 on a much larger stage anticipating 3,500-4,000 attendees and better corporate support for the enlarged event. Further, a September, 2009 fundraising concert demonstrated the ability to raise significant funds and the Station is exploring additional fundraising events outside of the regular fare.

In 2010, the Membership Department began a new, aggressive renewal program as well as the introduction of outside vendors who are expert in both renewal and new member solicitation and we anticipate continuous membership growth along with the attendant revenues. The results were quite impressive during FY 2010 and we anticipate a continuation of Membership growth. Additionally, KSDS will continue a Planned Giving Program in 2010 and anticipates revenues ultimately growing in that area.

During 2010 the station took advantage of the CPB's grant program for HD upgrade and did, in fact, upgrade its signal to HD. While the majority of the expense was borne by the grant, the station did spend close to \$20,000 as its share of the agreement.

An area of increased expense will be the expansion of the Internet services provided by the station. As the platforms for product delivery expand, it is becoming increasingly important that the station draw audience and members by expanding the Website and offering content that is not otherwise available.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is a part of the financial statements and is intended to serve as an introduction to the Station's basic financial statements. The Station adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, as amended by GASB Statement No. 35 on July 1, 2001. The Station is following the "business-type"

**KSDS-Jazz 88 - A Discrete Unit of San Diego Community College District
Management's Discussion and Analysis**
Fiscal Years ended June 30, 2009 and 2010

activities requirements of GASB Statement No. 34. Rather than issuing fund-type financial statements, this GASB Statement No. 34 requires the following components of the Station's financial statements:

- Management's Discussion and Analysis;
- Basic financial statements including a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows;
- Notes to the Financial Statements.

The basic financial statements are designed to provide readers with a broad overview of the Station's finances, using accounting methods similar to those used by private sector companies.

The **Statement of Net Assets** presents the assets, liabilities, and net assets of the Station as of the end of the fiscal year using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial health of the Station. Assets of the Station include cash and capital assets in the form of station equipment. No significant liabilities exist other than expense reimbursement to the District.

The **Statement of Revenues, Expenses and Changes in Net Assets** presents the operating results of the Station. The purpose of the statement is to present the revenues received by the Station including direct and indirect support provided by the District, and the expenses paid by the Station plus those paid by the District for the benefit of the Station. Changes in total net assets on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets.

The **Statement of Cash Flows** provides additional information about the Station's financial results by reporting the major sources and uses of cash. This statement reconciles the change in net assets with the increase or decrease in total cash funds.

FINANCIAL HIGHLIGHTS.

- Grant Revenue from CPB increased from \$126,279 to \$144,580, an increase of \$18,301 or 14% in the fiscal year 2010, compared to the prior year.
- Donations dropped 14% in the fiscal year 2010 compared to the prior year.
- Revenues from memberships and pledge drives decreased 10% in the fiscal year 2010, compared to the prior year.
- Underwriting revenues from business and industry increased 17% in the fiscal year 2010, compared to the prior year.
- In-kind contributions and expense were non-existent in fiscal 2010, due to the loss of transit district advertising.
- Total revenue was less than total expenses, leaving an excess of expenses over revenues of \$121,688. In 2009 expenses exceeded revenue by \$80,164.

**KSDS-Jazz 88 - A Discrete Unit of San Diego Community College District
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Fiscal Years ended June 30, 2009 and 2010

- Ending net assets decreased 20% to \$201,878.
- Total Cash decreased from \$319,214 to \$238,720 at June 2010.
- No significant purchases in year June 2010 as compared to \$51,249 in 2009.
- Expenses actually decreased \$53,425, mainly due to less in-kind expense.

CAPITAL ASSETS

The Station has acquired substantial broadcast equipment over a period of many years, either by purchase or donation. The cost basis of this equipment is \$446,394. Accordingly, depreciation has been recorded on the straight-line basis with a useful life of 12 years. The average age of this equipment is over 12 years, except for the \$215,406 expended for equipment in 2007. Accordingly, much of the equipment is fully depreciated. In accordance with GASB 35, the Station has included all broadcast equipment in the basic financial statements. In addition, the Station has use of various office furniture and equipment and computers provided by the District, which has not been valued but is included in institutional support. The summary of broadcast equipment is as follows:

On-Air Studio	\$ 20,450
Master Control Studio	29,800
Production Rooms A & D	28,450
Production Rooms B & C	23,400
Newsroom	18,650
New equipment	18,289
Master Control Terminal	40,700
Transmitter	184,007
Antenna	15,483
Building Improvement	8,755
Equipment and Computer	<u>58,410</u>
Total	\$446,394
Accumulated Depreciation	\$259,752

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

This financial report was designed to provide a general overview of the Station's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mark DeBoskey, Station Manager
KSDS Radio FM 88.3.
San Diego City College
1313 Park Blvd.
San Diego, CA 92101
Telephone (619)388-3759

Financial Analysis of the Statements

KSDS Jazz 88's condensed financial statements are presented below:

	2009	2010	Incr (Decr)	% Change
Condensed Statement of Net Assets:				
Operating Assets:				
Total Cash	\$ 319,214	\$ 238,720	\$ (80,494)	-25%
Net Equipment	211,744	186,642	(25,102)	-12%
Total Assets	<u>530,958</u>	<u>425,362</u>	<u>(105,596)</u>	<u>-20%</u>
Liabilities:				
Expense reimbursement due to SDCCD	<u>208,694</u>	<u>224,786</u>	<u>16,092</u>	<u>100%</u>
Net Assets:				
Invested in Capital Assets	211,744	186,642	(25,102)	-12%
Unrestricted	110,520	13,934	(96,586)	-87%
Total Net Assets	<u>322,264</u>	<u>200,576</u>	<u>(121,688)</u>	<u>-38%</u>
Total Liabilities & Net Assets	<u>\$ 530,958</u>	<u>\$ 425,362</u>	<u>\$ (105,596)</u>	<u>-20%</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

Revenues:				
Grants - Corporation for Public Broadcasting	\$ 126,279	\$ 144,580	\$ 18,301	14%
Other Grants	51,402	10,000	(41,402)	-81%
Donations & Fundraising	44,180	37,843	(6,337)	-14%
Program Underwriting - Business & Industry	120,342	141,301	20,959	17%
Memberships & Pledge Drive	351,530	316,563	(34,967)	-10%
In-Kind Contributions Received	81,735	0	(81,735)	-100%
SDCCD - Direct Support - Cash Transfer	135,000	135,000	0	0%
SDCCD - Institutional Support - Indirect	605,672	635,904	106,494	18%
Total Revenues	<u>1,516,140</u>	<u>1,421,191</u>	<u>(94,949)</u>	<u>-6%</u>
Expenses:				
Direct Expenses	305,723	272,453	(33,270)	-11%
Depreciation	25,102	25,102	0	0%
In-Kind Contributions Expended	81,735	0	(81,735)	-100%
Direct Expenses Reimbursed to SDCCD	583,126	604,366	21,240	4%
Indirect Support - SDCCD	605,672	635,904	30,232	5%
Total Expenses	<u>1,601,358</u>	<u>1,537,825</u>	<u>(63,533)</u>	<u>-4%</u>
Change In Net Assets	(85,218)	(116,634)	(31,416)	37%
Beginning Net Assets	402,428	317,210	(85,218)	-21%
Ending Net Assets	<u>\$ 317,210</u>	<u>\$ 200,576</u>	<u>\$ (116,634)</u>	<u>-37%</u>

Condensed Statement of Cash Flows:

Cash flow from Operating Activities:				
Change In Net Assets	\$ (85,218)	\$ (116,634)	\$ (31,416)	37%
Add back Depreciation	25,102	25,102	0	0%
Decrease in reimbursement due to SDCCD	(84,300)	16,092	100,392	100%
Net Cash Provided (Used) by Operating	<u>(144,416)</u>	<u>(75,440)</u>	<u>68,976</u>	<u>-48%</u>
Cash flow from Investing Activities - Equipment	(51,249)	-	51,249	100%
Cash flow from Financing Activities	-	-	-	0%
Net Increase (Decrease) in Cash	(195,665)	(75,440)	120,225	-61%
Cash at Beginning of Year	509,825	314,160	(195,665)	-38%
End of Year	<u>\$ 314,160</u>	<u>\$ 238,720</u>	<u>\$ (75,440)</u>	<u>-24%</u>

AUDITED FINANCIAL STATEMENTS

KSDS Jazz 88
Government-wide Financial Statements
Statement of Net Assets
June 30, 2009 and 2010

	2009	2010
OPERATING ASSETS:		
Cash - Checking	\$ 79,295	\$ 112,720
Cash - Money Market	112,473	0
Cash - Certificate of Deposit	117,446	116,000
Cash - Equipment Reserve	10,000	10,000
Total Cash	319,214	238,720
Capital Assets - Station Equipment	446,394	446,394
Less Accumulated Depreciation	(234,650)	(259,752)
Net Equipment	211,744	186,642
TOTAL ASSETS	\$ 530,958	\$ 425,362
LIABILITIES:		
Expense Reimbursement Due to SDCCD	\$ 208,694	\$ 224,786
NET ASSETS:		
Invested in Capital Assets	\$ 211,744	\$ 186,642
Unrestricted	110,520	13,934
TOTAL NET ASSETS	322,264	200,576
TOTAL LIABILITIES & NET ASSETS	\$ 530,958	\$ 425,362

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Government-wide Financial Statements
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Years Ended June 30, 2009 and 2010

	2009	2010
REVENUES:		
Grants - Corporation for Public Broadcasting	\$ 126,279	\$ 144,580
Other Grants	51,402	10,000
Program Underwriting - Business & Industry	105,284	111,800
Listener Events & Fundraising	44,180	37,843
Memberships	351,530	316,563
Car and Cell Phone Donation	14,002	27,517
Miscellaneous Income	1,056	1,984
Sub-total Local Revenue	693,733	650,287
In-Kind Contributions Received	81,735	0
SDCCD - Direct Support - Cash Transfer	135,000	135,000
Sub-Total - Direct Revenue	910,468	785,287
SDCCD - Institutional Support		
Personnel and Benefits	443,307	456,076
Operating Expenses	2,597	1,873
Other Indirect Costs - 28%/30%	159,768	177,955
Sub-Total - Indirect Revenue	605,672	635,904
Total Revenues	1,516,140	1,421,191
EXPENSES:		
Direct Expenses		
Audit	\$ 5,750	\$ 5,500
Bank Fees	6,902	6,777
Contract Services	1,192	3,211
Equipment Expenses	817	2,274
Events, Outreach, & Promotion	161,156	121,544
Fundraising & Member Development	120,166	114,198
Miscellaneous	9,740	18,949
Sub-total Local Expenses	305,723	272,453
Depreciation	25,102	25,102
In-Kind Contribution Expended	81,735	0
Direct Expenses Reimbursed to SDCCD		
Personnel- Direct	451,569	457,199
Personnel Benefits - Direct	119,032	135,985
Supplies	3,056	1,775
Contract Services	1,437	
Operating Expenses	8,032	9,407
Indirect Support - SDCCD		
Personnel - Institutional	331,513	338,399
Personnel Benefits - Institutional	111,794	117,677
Operating Expenses	2,597	1,873
Indirect Costs - 28%/30% of Personnel	159,768	177,955
Sub-total SDCCD Expenses	1,188,798	1,240,270
Total Expenses	1,601,358	1,537,825
Change In Net Assets	\$ (85,218)	\$ (116,634)
Beginning Net Assets	402,428	317,210
Ending Net Assets	\$ 317,210	\$ 200,576

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Government-wide Financial Statements
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2010

	2009	2010
CASH FLOWS FROM - OPERATING ACTIVITIES:		
Change In Net Assets	\$ (80,164)	\$ (121,688)
Adjustments to Reconcile Change in Net Assets To Net Cash Provided (Used) by Operating Activities:		
Add Back Depreciation	25,102	25,102
Increase/(Decrease) in Reimbursement Due to SDCCD	(84,300)	16,092
	(139,362)	(80,494)
Net Cash Provided/(Used) by Operating Activities		
INVESTING ACTIVITIES:		
Equipment Purchases	(51,249)	0
Cash Provided / (Used) in Investing Activities	(51,249)	0
Net Increase/(Decrease) in Cash and Cash Equivalents	(190,611)	(80,494)
Cash and Cash Equivalents at: Beginning of Year	509,825	319,214
End of Year	\$ 319,214	\$ 238,720
Cash - Checking	\$ 79,295	\$ 112,720
Cash - Money Market	112,473	0
Cash - Certificate of Deposit	117,446	116,000
Cash - Equipment Reserve	10,000	10,000
Total Cash	\$ 319,214	\$ 238,720

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Government-wide Financial Statements
Statement of Functional Expenses

For the Fiscal Year Ended June 30, 2009

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>Total</u>
EXPENSES - 2009				
Direct Expenses				
Audit	\$ 4,600	\$ 1,150	\$	\$ 5,750
Bank Fees	5,522	1,380		6,902
Contract Services	954	238		1,192
Equipment Expenses	817			817
Events, Outreach, & Promotion			161,156	161,156
Fundraising & Member Development			120,166	120,166
Miscellaneous	7,792	1,948		9,740
Depreciation	20,729	4,373		25,102
In-Kind Services - Advertising & Prom			81,735	81,735
Direct Expenses Reimbursed to SDCCD				
Personnel - Institutional	361,255	90,314		451,569
Personnel Benefits - Institutional	95,226	23,806		119,032
Supplies	2,445	611		3,056
Contract Services	1,150	287		1,437
Operating Expenses	6,426	1,606		8,032
Indirect Support - SDCCD				
Personnel - Institutional	265,210	66,303		331,513
Personnel Benefits - Institutional	89,435	22,359		111,794
Operating Expenses	2,078	519		2,597
Indirect Costs - 28% of Personnel	127,814	31,954		159,768
Total Expenses - 2009	<u>\$ 991,452</u>	<u>\$ 246,849</u>	<u>\$ 363,057</u>	<u>\$ 1,601,358</u>

Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2010

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>Total</u>
EXPENSES - 2010				
Direct Expenses				
Audit	\$ 4,400	\$ 1,100	\$	\$ 5,500
Bank Fees	5,422	1,355		6,777
Contract Services	2,569	642		3,211
Equipment	2,274			2,274
Events, Outreach, & Promotion	60,772		60,772	121,544
Fundraising & Member Development			114,198	114,198
Miscellaneous	15,159	3,790		18,949
Depreciation	20,082	5,020		25,102
Direct Expenses Reimbursed to SDCCD				
Personnel- Direct	365,759	91,440		457,199
Personnel Benefits - Direct	108,788	27,197		135,985
Supplies	1,420	355		1,775
Operating Expenses	7,526	1,881		9,407
Sub-total SDCCD Expenses				
Indirect Support - SDCCD				
Personnel - Institutional	270,719	67,680		338,399
Personnel Benefits - Institutional	94,142	23,535		117,677
Operating Expenses	1,498	375		1,873
Indirect Costs - 30% of Personnel	142,364	35,591		177,955
Total Expenses - 2010	<u>\$ 1,102,893</u>	<u>\$ 259,962</u>	<u>\$ 174,970</u>	<u>\$ 1,537,825</u>

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Notes to Financial Statements
June 30, 2009 and 2010

Note 1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

KSDS Jazz 88, an enterprise fund, is a discrete educational unit of the San Diego Community College District. KSDS Jazz 88's purpose is to provide education and experience in operating a non-profit non-commercial educational radio station, licensed to the San Diego Community College District, which also provides a community service to the County of San Diego. The District provides substantial institutional support to supplement KSDS Jazz 88's operations.

KSDS Jazz 88 is also administered in part by the San Diego City College Foundation, which provides custodial services of managing and disbursing funds, and oversight by the Foundation's Board of Directors.

The radio station was founded in 1951, began programming jazz in 1973 and became San Diego's only full-time jazz radio station in 1985. KSDS Jazz 88 broadcasts 24 hours a day from the campus of San Diego City College with 22,000 watts at 88.3 on the FM radio dial.

Basis of Presentation

KSDS Jazz 88's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and the *AICPA Audit and Accounting Guide for State and Local Governments (GASB 34 Edition)*.

KSDS Jazz 88 adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - For Public Colleges and Universities*, effective June 15, 2003, which establishes standards for external financial reporting for all public colleges and universities, and includes a Management's Discussion and Analysis section. The Station has elected to apply all Financial Accounting Standards Board (FASB) pronouncements unless FASB conflicts with GASB. Accordingly, the financial statements include a Statement of Net Assets, a Statement of Revenue, Expenses, and Changes in Net Assets, a Statement of Cash Flows, and a Statement of Functional Expenses.

KSDS Jazz 88 reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises, where the intent of providing goods and services to the general public on a continuing basis is financed or recovered in part through user charges and donations.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net assets and in the statement of functional expenses.

KSDS Jazz 88
Notes to Financial Statements (Continued)
June 30, 2009 and 2010

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Per the provisions of SFAS No. 95, *Statement of Cash Flows*, cash equivalents consist primarily of certificates of deposits and other securities with original maturities of 90 days or less. Securities with original maturities over 90 days are generally classified as investments.

Note 2. Concentration of Credit Risk and Uncertainties

KSDS Jazz 88 bank accounts are maintained by the San Diego City College Foundation. Cash in banks for KSDS Jazz 88 total \$319,214 at June 30, 2009 and \$228,720 at June 30, 2010 which did not exceed federally insured limits. The Foundation maintains the accounts in several banks in order to avoid unnecessary credit risk. The accounts are each insured by the Federal Deposit Insurance Corporation up to \$250,000 at one institution.

Note 3. Equipment

KSDS Jazz 88 has acquired substantial broadcast equipment over a period of many years, either by purchase or donation. The cost basis of this equipment is \$446,394. Depreciation has been recorded on the straight-line basis with a useful life of 12 years. The average age of this equipment is over 12 years. Accordingly, much of the equipment is fully depreciated. The Stations' capitalization threshold is \$5,000 for all capital assets. In accordance with GASB 35, KSDS Jazz 88 has included all broadcast equipment in the basic financial statements. In addition, KSDS Jazz 88 has the usage of various office furniture and equipment and computers provided by the District, which has not been valued but is included in institutional support.

Note 4. Lease of Facilities

KSDS Jazz 88 occupies facilities at San Diego City College, comprised of 2,970 square feet, which are provided at no direct cost to KSDS Jazz 88; however such costs have been included in indirect costs provided by the District.

KSDS Jazz 88
Notes to Financial Statements (Continued)
June 30, 2009 and 2010

Note 5. Corporation for Public Broadcasting

KSDS Jazz 88 has received grant funds from Corporation for Public Broadcasting (CPB), which mandates certain compliance requirements. CPB is a private, non-profit foundation funded by Congress. The amount granted for fiscal year end June 2009 was \$127,247 and for June 2010 was \$144,580, consisting of \$132,562 Community Service Grant (CSG) and \$12,018 from a Fiscal Stabilization Grant. In fiscal year 2003, KSDS Jazz 88 qualified as a Level 7 grantee. As a condition of the grants, KSDS Jazz 88 is required to file Annual Financial Reports, including audited financial statements, with the CPB.

Note 6. Support and Other Revenues

KSDS Jazz 88 receives grants from non-profit foundations and organizations, memberships and pledge drives from the public, and programming fee underwriting from business and industry.

KSDS Jazz 88 also receives in-kind contributions. During fiscal year ended June 30, 2009, KSDS Jazz 88 received in-kind donations in the amount of \$81,735 including \$76,875 for transit advertising provided by the San Diego Metropolitan Transit District and none in fiscal 2010.

KSDS Jazz 88 also receives direct support from San Diego Community College District in the amount of \$135,000 for June 2009 and additional \$135,000 for June 2010. In addition, the District provided indirect support totaling \$605,672 for June 2009 and \$635,904 for June 2010 including personnel, operating expenses, and other indirect costs calculated at 28 per cent for 2009 and 30 per cent for 2010.

As of June 30, 2009 and 2010 KSDS Jazz 88 had liabilities to the District of \$208,694 and \$224,786 respectively, which have been carried from year to year on open account. A total of \$308,694 was reimbursed to the District during fiscal year ended June 30, 2010.

Note 7. Budgetary Reporting

The Station has not presented required supplementary budget information because its operations a combination of enterprise activities and District support, and as such does not have an overall operating budget.

Note 8. Retirement Plans

The District's academic and nonacademic personnel are covered by various retirement plans depending on their job classification. The District pays these expenses on behalf of the Station and they are included with other fringe benefits contributed to the Station.