



# Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

**KSDS Jazz 88  
Audited Financial Statements  
June 30, 2010 and 2011**

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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, 2010 and 2011, 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, 2010 and 2011, 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.

November 29, 2011

  
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, 2010 and 2011

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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, 2010 and 2011. 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

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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 2010 and 2011. FY 2011 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 2010 and the Festival, though attracting a record 1,100+ attendees, but lost \$38,000. The Station suspended the Festival in 2010 and re-established the Festival in 2011 on a much larger stage attracting over 2500 attendees and some limited corporate support for the enlarged event.

In 2011, 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 2011 and we anticipate a continuation of Membership growth. Additionally, KSDS will continue a Planned Giving Program in 2012 and anticipates revenues ultimately growing in that area.

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" 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;

**KSDS-Jazz 88 - A Discrete Unit of San Diego Community College District**  
**Management's Discussion and Analysis**  
Fiscal Years ended June 30, 2010 and 2011

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- 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.**

- Total Cash increased from \$238,720 to \$252,655 at June 2011
- No significant purchases in year June 2011 or 2010
- Ending net assets decreased 51% to \$97,640
- Grant Revenue from CPB increased from \$144,580 to \$146,086, an increase of \$1,506 or 1% in the fiscal year 2011, compared to the prior year.
- Listener Events/Fundraising increased 317% in 2011 compared to the prior year, due to major success of the Jazz Festival.
- Underwriting revenues from business and industry decreased 6% in the fiscal year 2011, compared to the prior year.
- Revenues from memberships and pledge drives increased 14% in the fiscal year 2011, compared to the prior year.
- In-kind contributions and expense were non-existent in fiscal 2011 and 2010.
- Total revenue gained \$299,163, an increase of \$21%.
- Expenses increased \$285,465, for direct and institutional personnel.
- Total revenue was less than total expenses, leaving an excess of expenses over revenues of \$102,936. In 2010 expenses exceeded revenue by \$116,634.

**KSDS-Jazz 88 - A Discrete Unit of San Diego Community College District  
Management's Discussion and Analysis  
Fiscal Years ended June 30, 2010 and 2011**

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**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:

	2010	2011	Incr (Decr)	% Change
<b>Condensed Statement of Net Assets:</b>				
<b>Operating Assets:</b>				
Total Cash	\$ 238,720	\$ 252,655	\$ 13,935	6%
Net Equipment	186,642	166,078	(20,564)	-11%
Total Assets	<u>425,362</u>	<u>418,733</u>	<u>(6,629)</u>	<u>-2%</u>
<b>Liabilities:</b>				
Expense reimbursement due to SDCCD	<u>224,786</u>	<u>321,093</u>	<u>96,307</u>	<u>100%</u>
<b>Net Assets:</b>				
Invested in Capital Assets	186,642	166,078	(20,564)	-11%
Unrestricted	13,934	(68,438)	(82,372)	-591%
Total Net Assets	<u>200,576</u>	<u>97,640</u>	<u>(102,936)</u>	<u>-51%</u>
Total Liabilities & Net Assets	<u>\$ 425,362</u>	<u>\$ 418,733</u>	<u>\$ (6,629)</u>	<u>-2%</u>

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

<b>Revenues:</b>				
Grants - Corporation for Public Broadcasting	\$ 144,580	\$ 146,086	\$ 1,506	1%
Other Grants	10,000	14,000	4,000	40%
Listener Events & Fundraising	37,843	157,763	119,920	317%
Program Underwriting - Business & Industry	111,800	104,995	(6,805)	-6%
Memberships & Pledge Drive	316,563	361,696	45,133	14%
Misc. Income	29,501	23,733	(5,768)	-20%
SDCCD - Direct Support - Cash Transfer	135,000	205,000	70,000	52%
SDCCD - Institutional Support - Indirect	635,904	707,081	106,494	17%
Total Revenues	<u>1,421,191</u>	<u>1,720,354</u>	<u>299,163</u>	<u>21%</u>
<b>Expenses:</b>				
Direct Expenses	272,453	398,466	126,013	46%
Depreciation	25,102	20,564	(4,538)	-18%
Direct Expenses Reimbursed to SDCCD	604,366	697,179	92,813	15%
Indirect Support - SDCCD	635,904	707,081	71,177	11%
Total Expenses	<u>1,537,825</u>	<u>1,823,290</u>	<u>285,465</u>	<u>19%</u>
Change In Net Assets	(116,634)	(102,936)	13,698	-12%
Beginning Net Assets	317,210	200,576	(116,634)	-37%
Ending Net Assets	<u>\$ 200,576</u>	<u>\$ 97,640</u>	<u>\$ (102,936)</u>	<u>-51%</u>

## Condensed Statement of Cash Flows:

<b>Cash flow from Operating Activities:</b>				
Change In Net Assets	\$ (116,634)	\$ (102,936)	\$ 13,698	-12%
Add back Depreciation	25,102	20,564	(4,538)	-18%
Decrease in reimbursement due to SDCCD	16,092	96,307	80,215	100%
Net Cash Provided (Used) by Operating	<u>(75,440)</u>	<u>13,935</u>	<u>89,375</u>	<u>-118%</u>
Cash flow from Investing Activities - Equipment	-	-	-	100%
Net Increase (Decrease) in Cash	(75,440)	13,935	89,375	-118%
Cash at Beginning of Year	314,160	238,720	(75,440)	-24%
End of Year	<u>\$ 238,720</u>	<u>\$ 252,655</u>	<u>\$ 13,935</u>	<u>6%</u>

**KSDS Jazz 88**  
**Government-wide Financial Statements**  
Statement of Net Assets  
June 30, 2010 and 2011

	<u>2010</u>	<u>2011</u>
<b>OPERATING ASSETS:</b>		
Cash - Checking	\$ 228,720	\$ 242,655
Cash - Equipment Reserve	10,000	10,000
Total Cash	<u>238,720</u>	<u>252,655</u>
Capital Assets - Station Equipment	446,394	446,394
Less Accumulated Depreciation	(259,752)	(280,316)
Net Equipment	<u>186,642</u>	<u>166,078</u>
TOTAL ASSETS	<u>\$ 425,362</u>	<u>\$ 418,733</u>
<b>LIABILITIES:</b>		
Expense Reimbursement Due to SDCCD	\$ <u>224,786</u>	\$ <u>321,093</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets	\$ 186,642	\$ 166,078
Unrestricted	<u>13,934</u>	<u>(68,438)</u>
TOTAL NET ASSETS	<u>200,576</u>	<u>97,640</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 425,362</u>	<u>\$ 418,733</u>

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, 2010 and 2011

	2010	2011
<b>REVENUES:</b>		
Grants - Corporation for Public Broadcasting	\$ 144,580	\$ 146,086
Other Grants	10,000	14,000
Program Underwriting - Business & Industry	111,800	104,995
Listener Events & Fundraising	37,843	157,763
Memberships	316,563	361,696
Car Donations	27,517	20,202
Miscellaneous Income	1,984	3,531
Sub-total Local Revenue	650,287	808,273
SDCCD - Direct Support - Cash Transfer	135,000	205,000
Sub-Total - Direct Revenue	785,287	1,013,273
SDCCD - Institutional Support		
Personnel and Benefits	456,076	495,674
Operating Expenses	1,873	4,855
Other Indirect Costs - 30%	177,955	206,552
Sub-Total - Indirect Revenue	635,904	707,081
Total Revenues	1,421,191	1,720,354
<b>EXPENSES:</b>		
Local Expenses		
Audit	\$ 5,500	\$ 6,000
Bank Fees	6,777	10,254
Contract Services	3,211	572
Equipment Expenses	2,274	3,202
Events, Outreach, & Promotion	121,544	270,264
Fundraising & Member Development	114,198	58,139
Miscellaneous	18,949	50,035
Sub-total Local Expenses	272,453	398,466
Depreciation	25,102	20,564
Direct Expenses Reimbursed to SDCCD		
Personnel- Direct	457,199	471,956
Personnel Benefits - Direct	135,985	216,550
Supplies	1,775	1,966
Operating Expenses	9,407	6,707
Indirect Support - SDCCD		
Personnel - Institutional	338,399	367,842
Personnel Benefits - Institutional	117,677	127,832
Operating Expenses	1,873	4,855
Indirect Costs - 30% of Personnel	177,955	206,552
Sub-total SDCCD Expenses	1,240,270	1,404,260
Total Expenses	1,537,825	1,823,290
Change In Net Assets	\$ (116,634)	\$ (102,936)
Beginning Net Assets	317,210	200,576
Ending Net Assets	\$ 200,576	\$ 97,640

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, 2010 and 2011

	2010	2011
<b>CASH FLOWS FROM - OPERATING ACTIVITIES:</b>		
Change In Net Assets	\$ (116,634)	\$ (102,936)
Adjustments to Reconcile Change in Net Assets		
To Net Cash Provided (Used) by Operating Activities:		
Add Back Depreciation	25,102	20,564
Increase/(Decrease) in Reimbursement Due to SDCCD	16,092	96,307
Net Cash Provided/(Used) by Operating Activities	(75,440)	13,935
<b>INVESTING ACTIVITIES:</b>		
(Increase) / Decrease in Investments		
Equipment Purchases	0	0
Cash Provided / (Used) in Investing Activities	0	0
<b>FINANCING ACTIVITIES:</b>		
(Increase) / Decrease in Financing		
Cash Provided / (Used) in Financing Activities	0	0
Net Increase/(Decrease) in Cash and Cash Equivalents	(75,440)	13,935
Cash and Cash Equivalents at:		
Beginning of Year	314,160	238,720
End of Year	\$ 238,720	\$ 252,655
Cash - Checking	\$ 112,720	\$ 242,655
Cash - Certificate of Deposit	116,000	0
Cash - Equipment Reserve	10,000	10,000
Total Cash	\$ 238,720	\$ 252,655

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, 2010

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund- Raising</u>	<u>Total</u>
<b>EXPENSES - 2010</b>				
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 Expenses	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 - Institutional	365,759	91,440		457,199
Personnel Benefits - Institutional	108,788	27,197		135,985
Supplies	1,420	355		1,775
Operating Expenses	7,526	1,881		9,407
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	142,362	35,592		177,955
<b>Total Expenses - 2010</b>	<b>\$ 1,102,892</b>	<b>\$ 259,962</b>	<b>\$ 174,970</b>	<b>\$ 1,537,825</b>

**Statement of Functional Expenses**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund- Raising</u>	<u>Total</u>
<b>EXPENSES - 2011</b>				
Direct Expenses				
Audit	\$ 4,800	\$ 1,200	\$	\$ 6,000
Bank Fees	8,203	2,051		10,254
Contract Services	458	114		572
Equipment	3,202			3,202
Events, Outreach, & Promotion	135,132		135,132	270,264
Fundraising & Member Development			58,139	58,139
Miscellaneous	40,028	10,007		50,035
Depreciation	16,451	4,113		20,564
Direct Expenses Reimbursed to SDCCD				
Personnel- Direct	377,565	94,391		471,956
Personnel Benefits - Direct	173,240	43,310		216,550
Supplies	1,573	393		1,966
Operating Expenses	5,366	1,341		6,707
Indirect Support - SDCCD				
Personnel - Institutional	294,274	73,568		367,842
Personnel Benefits - Institutional	102,266	25,566		127,832
Operating Expenses	3,884	971		4,855
Indirect Costs - 30% of Personnel	165,241	41,310		206,552
<b>Total Expenses - 2011</b>	<b>\$ 1,331,682</b>	<b>\$ 298,337</b>	<b>\$ 193,271</b>	<b>\$ 1,823,290</b>

The Accompanying Notes are an integral part of the Financial Statements

**KSDS Jazz 88**  
Notes to Financial Statements  
June 30, 2010 and 2011

**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, 2010 and 2011

**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 \$238,720 at June 30, 2010 and \$252,655 at June 30, 2011 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, 2010 and 2011

**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 2010 was \$144,580 and for June 2011 was \$146,086, consisting of a Community Service Grant (CSG). 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 occasionally receives in-kind contributions. However, during fiscal years ended June 30, 2010 and 2011, no in-kind contributions were recorded.

KSDS Jazz 88 also receives direct support from San Diego Community College District in the amount of \$135,000 for June 2010 and \$205,000 for June 2011. In addition, the District provided indirect support totaling \$635,904 for June 2010 and \$707,081 for June 2011 including personnel, operating expenses, and other indirect costs calculated at 30 per cent for 2010 and 2011.

As of June 30, 2010 and 2011 KSDS Jazz 88 had liabilities to the District of \$224,786 and \$321,093 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, 2011 and \$249,786 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.

**KSDS Jazz 88**  
Notes to Financial Statements (Continued)  
June 30, 2010 and 2011

**Note 9.        Management's Review**

KSDS management has evaluated subsequent events through November 29, 2011, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosures in, the financial statements.

**Note 10.       Contingency:**

KSDS recognizes that continued support from the CPB and the District in subsequent years may vary. The effect of possible future reduction or termination of grants and support has not been considered in these financial statements.