

MUNGER & COMPANY, CPAs

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**KSDS San Diego's Jazz 88.3
Audited Financial Statements
June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

KSDS San Diego's Jazz 88.3
To the Board of Directors of
San Diego City College Foundation and District

We have audited the accompanying financial statements of KSDS San Diego's Jazz 88.3 (KSDS, a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSDS San Diego's Jazz 88.3 as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited KSDS San Diego's Jazz 88.3 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

February 8, 2021


Munger & Company, CPAs

KSDS Jazz 88
Statement of Financial Position
June 30, 2020
(With Comparative Totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 830,151	\$ 578,644
Capital Assets - Station Equipment	446,394	446,394
Less Accumulated Depreciation	<u>(446,394)</u>	<u>(446,394)</u>
Net Equipment	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>830,151</u>	\$ <u>578,644</u>
LIABILITIES:		
Expense Reimbursement Due to SDCCD	\$ 1,311,298	\$ 1,085,596
Deferred Membership Revenue	<u>13,387</u>	<u>-</u>
TOTAL LIABILITIES	1,324,685	1,085,596
NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT):		
Without Donor Restrictions (Deficit)	\$ <u>(494,534)</u>	\$ <u>(506,952)</u>
TOTAL NET ASSETS (Deficit)	<u>(494,534)</u>	<u>(506,952)</u>
TOTAL LIABILITIES & NET ASSETS (DEFICIT)	\$ <u>830,151</u>	\$ <u>578,644</u>

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Statement of Activities
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor Restrictions	
	2020	2019
REVENUES:		
Grants - Corporation for Public Broadcasting	\$ 214,819	\$ 136,004
Program Underwriting	46,238	69,043
Events & Fundraising, net of expense of \$17,200	10,100	10,521
Memberships	564,635	606,961
Realized and Unrealized Gains on Investments	2,891	-
Sub-total Local Revenue	<u>838,683</u>	<u>822,529</u>
SDCCD - Direct Support		
SDCCD - Direct Support - Cash Transfer	135,000	135,000
Sub-Total - Direct Revenue	<u>973,683</u>	<u>957,529</u>
SDCCD - Institutional Support		
Personnel and Benefits	520,469	505,234
Other Indirect Costs - 30% of personnel	156,140	151,570
Sub-Total - Indirect Revenue	<u>676,609</u>	<u>656,804</u>
Total Revenues	1,650,292	1,614,333
EXPENSES:		
Local Expenses		
Management	23,629	29,275
Fundraising & Member Development	176,526	232,453
Sub-total Local Expenses	<u>200,155</u>	<u>261,728</u>
Depreciation	-	20,538
Direct Expenses Reimbursed to SDCCD		
Personnel- Direct	519,445	579,044
Personnel Benefits - Direct	223,029	225,219
Supplies and Other	18,636	21,236
Direct Support - SDCCD		
Personnel - Institutional	368,019	352,971
Personnel Benefits - Institutional	152,450	152,263
Indirect Costs - 30% of Personnel	156,140	151,570
Sub-total SDCCD Expenses	<u>1,437,719</u>	<u>1,482,303</u>
Total Expenses	<u>1,637,874</u>	<u>1,764,569</u>
Change In Net Assets	\$ 12,418	\$ (150,236)
Beginning Net Assets (Deficit)	<u>(506,952)</u>	<u>(356,716)</u>
Ending Net Assets (Deficit)	<u><u>\$ (494,534)</u></u>	<u><u>\$ (506,952)</u></u>

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Statement of Functional Expenses
For the Fiscal Years Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

EXPENSES	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>2020 Total</u>	<u>2019 Total</u>
Direct Expenses					
Management	\$	\$ 23,629	\$	\$ 23,629	\$ 29,275
Fundraising & Member Development			193,726	193,726	245,082
Depreciation	-	-	-	-	20,538
Direct Expenses Reimbursed to SDCCD					
Personnel - Institutional	415,556	103,889		519,445	579,044
Personnel Benefits - Institutional	178,423	44,606		223,029	225,219
Supplies	14,909	3,727		18,636	21,236
Indirect Support - SDCCD					
Personnel - Institutional	294,415	73,604		368,019	352,971
Personnel Benefits - Institutional	121,960	30,490		152,450	152,263
Indirect Costs - 30% of Personnel	124,912	31,228		156,140	151,570
Total Expenses by Function	\$ 1,150,175	\$ 311,173	\$ 193,726	\$ 1,655,074	\$ 1,777,198
Less: Direct Special Event Expenses	-	-	(17,200)	(17,200)	(12,629)
Total Expenses	\$ 1,150,175	\$ 311,173	\$ 176,526	\$ 1,637,874	\$ 1,764,569

The Accompanying Notes are an integral part of the Financial Statements

KSDS Jazz 88
Statement of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2019</u>	<u>2019</u>
CASH FLOWS FROM -		
OPERATING ACTIVITIES:		
Change In Net Assets	\$ 12,418	\$ (150,236)
Adjustments to Reconcile Change in Net Assets		
To Net Cash Provided (Used) by Operating Activities:		
Depreciation	-	20,538
Increase/(Decrease) in Deferred Memberships	13,387	-
Increase/(Decrease) in Reimbursement Due to SDCCD	<u>225,702</u>	<u>329,862</u>
Net Cash Provided/(Used) by Operating Activities	251,507	200,164
Net Change in Cash	251,507	200,164
Cash at:		
Beginning of Year	<u>578,644</u>	<u>378,480</u>
End of Year	<u><u>\$ 830,151</u></u>	<u><u>\$ 578,644</u></u>

The Accompanying Notes are an integral part of the Financial Statements

KSDS San Diego's Jazz 88.3
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

KSDS San Diego's Jazz 88.3 (the Station) is on the campus of the San Diego City College Foundation (the Foundation). KSDS San Diego's Jazz 88.3'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, which also provides a community service to the County of San Diego. The San Diego City College Foundation provides custodial services of managing and disbursing funds, and oversight by the Foundation's Board of Directors.

KSDS also receives substantial institutional support from the San Diego Community College District (the District).

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 San Diego's 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. KSDS has a license with the FCC. If the FCC were to revoke the license, KSDS would not be able to conduct its radio broadcasts.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board and is presented utilizing the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for member promises to give. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2020, there were no receivables therefore no allowance was deemed necessary.

KSDS San Diego's Jazz 88.3
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1. Organization and Summary of Significant Accounting Policies

Property and Equipment

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which is 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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. 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.

Revenue and Revenue Recognition

Revenue is recognized revenue from services when the services are provided. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. We recognize the exchange portion of membership dues over the membership period, and the contribution portion immediately. We record special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

KSDS San Diego's Jazz 88.3
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1. Organization and Summary of Significant Accounting Policies

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Our grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2020.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates. Investments are made by the Board of Directors when sufficient cash exists.

KSDS San Diego's Jazz 88.3
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1. Organization and Summary of Significant Accounting Policies

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through February 8, 2021, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	<u>\$ 830,151</u>
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As part of our liquidity management plan, we invest cash in excess of daily requirements in liquid cash accounts.

Note 3. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 4. Lease of Facilities

KSDS San Diego's Jazz 88.3 occupies facilities at San Diego City College, comprised of 2,970 square feet, which are provided at no direct cost to KSDS San Diego's Jazz 88.3; however, such costs have been included in indirect costs provided by the District.

Note 5. Corporation for Public Broadcasting

KSDS San Diego's Jazz 88.3 receives grant funds from Corporation for Public Broadcasting (CPB), which mandates certain compliance requirements be met in order to continue to receive funding from them. CPB is a private, non-profit foundation funded by Congress. The amount granted for the year ended June 30, 2020 was \$139,819, consisting of a Community Service Grant (CSG). In fiscal year 2003, KSDS San Diego's Jazz 88.3 qualified as a Level 7 grantee. As a condition of the grants, KSDS San Diego's Jazz 88.3 is required to file Annual Financial Reports, including audited financial statements, with the CPB.

KSDS San Diego's Jazz 88.3
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 6. Support and Other Revenues

KSDS San Diego's Jazz 88.3 also receives direct support from San Diego Community College District in the amount of \$135,000 for the year ended June 30, 2020, respectively. In addition, the District provided indirect support totaling \$676,609 which included personnel, operating expenses, and other indirect costs calculated at 30 per cent for the year ending June 30, 2020.

As of June 30, 2020, San Diego's Jazz 88.3 had liabilities to the District of \$1,311,298.

Note 7. Revenue from Contracts with Customers

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2020:

Deferred revenue, beginning of year	\$ -
Increases in deferred revenue due to cash received during the year	<u>13,387</u>
Deferred revenue, end of year	<u><u>\$ 13,387</u></u>

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.

Note 9. Management's Plans

The net deficit on the statement of financial position totaled a negative \$494,534 for the year ended June 30, 2020. KSDS is financially dependent on San Diego City College to support them. In addition, there is a possibility that continued support from the CPB, contributors, and the District in subsequent years could be reduced or eliminated. Without the ongoing financial support from District or College Foundation, KSDS would be not able to continue.

Note 10. COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. NFP A is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on KSDS's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on KSDS's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact NFP A's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.