

THE KBOO FOUNDATION

FINANCIAL STATEMENTS

Year Ended September 30, 2020



KERN ▲ THOMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

**THE KBOO FOUNDATION**  
**FINANCIAL STATEMENTS**  
**Year Ended September 30, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-15

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The KBOO Foundation  
Portland, Oregon

We have audited the accompanying financial statements of The KBOO Foundation (a non-profit organization), which comprise the statement of financial position as of September 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.

***Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 The KBOO Foundation as of September 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.

***Other Matters***

***Report on Summarized Comparative Information***

We have previously audited The KBOO Foundation's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated May 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon  
April 7, 2021

**THE KBOO FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

**September 30, 2020**  
(With Comparative Totals as of September 30, 2019)

**ASSETS**

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 548,730	\$ 276,064
Accounts receivable	913	8,348
Prepaid expenses	12,865	21,037
<b>Total current assets</b>	<b>562,508</b>	<b>305,449</b>
Property and equipment - net	163,573	190,567
Beneficial interest in assets held by others	228,378	225,991
<b>Total assets</b>	<b>\$ 954,459</b>	<b>\$ 722,007</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 8,708	\$ 26,615
Accrued payroll and related liabilities	30,881	45,903
Refundable advance	89,568	-
<b>Total liabilities, all current</b>	<b>129,157</b>	<b>72,518</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	264,175	192,042
Board designated for operating reserve	200,000	128,987
Board designated endowment funds	228,378	225,991
<b>Total without donor restrictions</b>	<b>692,553</b>	<b>547,020</b>
With donor restrictions	132,749	102,469
<b>Total net assets</b>	<b>825,302</b>	<b>649,489</b>
<b>Total liabilities and net assets</b>	<b>\$ 954,459</b>	<b>\$ 722,007</b>

See notes to financial statements.

**THE KBOO FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2020**

(With Comparative Totals for the Year Ended September 30, 2019)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2020</b>	<b>2019</b>
<b>Revenues, gains and other support</b>				
Membership subscriptions	\$ 690,390	\$ -	\$ 690,390	\$ 535,255
Grants and contributions	201,859	94,486	296,345	224,025
In-kind contributions, other	82,435	-	82,435	85,148
Underwriting and advertising	7,608	-	7,608	27,421
Lease income	9,306	-	9,306	8,823
Investment return	15,000	-	15,000	11,016
Other income	9,643	-	9,643	6,710
	1,016,241	94,486	1,110,727	898,398
Net assets released from restrictions	64,206	(64,206)	-	-
<b>Total revenues, gains and other support</b>	<b>1,080,447</b>	<b>30,280</b>	<b>1,110,727</b>	<b>898,398</b>
<b>Expenses</b>				
Program services	699,542	-	699,542	768,104
Supporting services				
Administration	57,431	-	57,431	71,117
Fundraising	177,941	-	177,941	194,804
<b>Total expenses</b>	<b>934,914</b>	<b>-</b>	<b>934,914</b>	<b>1,034,025</b>
<b>Change in net assets</b>	<b>145,533</b>	<b>30,280</b>	<b>175,813</b>	<b>(135,627)</b>
<b>Net assets, beginning of year</b>	<b>547,020</b>	<b>102,469</b>	<b>649,489</b>	<b>785,116</b>
<b>Net assets, end of year</b>	<b>\$ 692,553</b>	<b>\$ 132,749</b>	<b>\$ 825,302</b>	<b>\$ 649,489</b>

See notes to financial statements.

**THE KBOO FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2020**

(With Comparative Totals for the Year Ended September 30, 2019)

	<b>Program Services</b>	<b>SUPPORTING SERVICES</b>		<b>Total</b>	
		<b>Management and General</b>	<b>Fundraising</b>	<b>2020</b>	<b>2019</b>
Salaries and related expenses	\$ 379,345	\$ 21,679	\$ 111,502	\$ 512,526	\$ 494,484
Professional fees	28,489	25,890	5,867	60,246	109,702
Supplies	7,452	1,273	6,279	15,004	15,447
Telephone and internet	12,373	492	3,201	16,066	20,055
Printing and postage	3,412	316	15,865	19,593	28,427
Rent and utilities	162,780	582	3,685	167,047	162,296
Repairs and maintenance	3,839	389	1,003	5,231	8,443
Travel, conferences, training	756	50	-	806	2,139
Advertising and marketing	5,448	-	4,265	9,713	21,299
Grant expense and events	39,145	-	-	39,145	73,128
Insurance	11,524	889	3,599	16,012	15,324
Bank fees	-	368	16,175	16,543	15,436
Other	15,021	2,975	5,157	23,153	32,413
Depreciation	29,958	2,528	1,343	33,829	35,432
	<u>\$ 699,542</u>	<u>\$ 57,431</u>	<u>\$ 177,941</u>	<u>\$ 934,914</u>	<u>\$ 1,034,025</u>

See notes to financial statements.

**THE KBOO FOUNDATION**  
**STATEMENT OF CASH FLOWS**

**Year Ended September 30, 2020**  
(With Comparative Totals for the Year Ended September 30, 2019)

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 175,813	\$ (135,627)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	33,829	35,432
Net (gain) loss on investments	(11,718)	(8,475)
Changes in assets and liabilities:		
Accounts receivable	7,435	3,793
Prepaid expenses	8,172	(2,219)
Accounts payable	(17,907)	(16,603)
Accrued payroll and related liabilities	(15,022)	21,028
Refundable advance	89,568	-
<b>Net cash provided by (used in) operating activities</b>	<b>270,170</b>	<b>(102,671)</b>
<b>Cash flows from investing activities:</b>		
Distributions from beneficial interest in assets held by others	9,331	9,239
Purchase of property and equipment	(6,835)	(3,821)
<b>Net cash provided by (used in) investing activities</b>	<b>2,496</b>	<b>5,418</b>
<b>Net increase in cash and cash equivalents</b>	<b>272,666</b>	<b>(97,253)</b>
Cash and cash equivalents, beginning of year	276,064	373,317
<b>Cash and cash equivalents, end of year</b>	<b>\$ 548,730</b>	<b>\$ 276,064</b>

See notes to financial statements.

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE A – DESCRIPTION OF ORGANIZATION**

The KBOO Foundation (the Foundation or Organization) is an Oregon non-profit corporation which operates an independent, member-supported, non-commercial, volunteer-powered community radio station in Portland, Oregon. KBOO embodies equitable social change, shares knowledge, and fosters creativity by delivering locally rooted and diverse music, culture, news and opinions, with a commitment to the voices of oppressed and underserved communities.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of New Accounting Pronouncement**

During the fiscal year ended September 30, 2020, one new accounting pronouncement became effective for the Foundation: *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”)*.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis for the year ended 2020. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of September 30, 2019.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.



**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions Revenue and Conditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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 met. Bequests are recorded as revenue at the time the Foundation has an established right to the bequest and the proceeds are measurable.

At September 30, 2020, the Foundation had conditional promises to give of \$25,000 that have not been recognized as the performance requirement of obtaining matching funds had not yet been achieved.

The Foundation reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Revenue Recognition**

Revenue streams applicable to the Foundation that qualify as exchange transactions (primarily underwriting) are recognized as the on-air announcements are completed. Amounts received in advance are recorded as deferred revenue until the Foundation has satisfied the requirements of the contract. There were no advance payments at September 30, 2020.

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

**Cash and Cash Equivalents**

The Foundation classifies as cash and cash equivalents all checking, savings, and money market accounts used for operating purposes.

## THE KBOO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Concentrations of Credit Risk

Receivables consist primarily of pledges and uncollected fees from program contracts, all of which are unsecured. No allowance for doubtful accounts has been recorded, as management believes all accounts are collectible, based on historical experience and knowledge of current circumstances. Uncollected fees over 90 days old are considered delinquent and are immaterial at September 30, 2020.

The Foundation has cash and cash equivalents which may exceed depository insurance limits. The Foundation makes such deposits with high credit quality entities and has not experienced any credit related losses.

Investments are valued at their fair value in the statement of financial position. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments, is also shown in the statement of activities as part of investment return.

Investment securities, including investments held by Oregon Community Foundation, are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

##### Endowment Investment and Spending Policies

The goal of the Foundation's investment program for funds held as Board designated endowment is to achieve a total rate of return that will allow the Foundation to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the Foundation follows a total return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Foundation endowment assets are invested in The Oregon Community Foundation (OCF) as an endowment partner.

The Foundation has adopted a spending policy based on the policies of its endowment partner, OCF, to determine the annual amount available for distributions from funds held as Board designated endowment. Each year OCF sets an annual payout rate for the coming year based on a 10-year projection of investment return. Currently, if the projected 10-year return is 9% or above, the payout for grants will be 5% of market value; if the projected 10-year return is below 9%, the payout for grants will be 4-1/2% of market value. Market value is determined using a 13-quarter trailing average of fund market value.

## THE KBOO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Contributed Services**

The value of contributed services meeting the requirements for recognition has been recorded in the financial statements (see Note J). Additionally, numerous volunteers have donated a significant number of hours to the Foundation. Although these services do not meet the criteria for recognition under generally accepted accounting principles, they are integral to the Foundation's mission. The Foundation had approximately 250 volunteers for the year ended September 30, 2020.

##### **Property and Equipment**

Property and equipment purchases in excess of \$1,500 individually are recorded at cost. Donated property is recorded at estimated fair value determined as of the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of individual assets, which range from 5 to 30 years.

##### **Refundable Advance – Paycheck Protection Program Loan**

In response to the global economic impact caused by the coronavirus pandemic, the US Small Business Administration (SBA) created the Paycheck Protection Program (PPP) "forgivable loan" to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. The loans are funded by the SBA through participating banks and are subject to specific conditions, which if met, will result in forgiveness of all or part of the loan. The Foundation qualified for and received a PPP loan for \$89,568 on May 6, 2020. The terms of the PPP loan include interest at 1% and maturity on May 5, 2022.

The Foundation has concluded that although the legal form of the PPP is a loan, it believes the conditional criteria will be met and the SBA will approve its forgiveness application within the next fiscal year. Accordingly, the PPP loan represents, in substance, a conditional grant and has therefore been recorded as a refundable advance under the accounting guidance of ASC 958-605.

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Income Tax Status**

The Foundation has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code. Accordingly, donations made to the Foundation qualify as charitable contributions.

THE KBOO FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Prior Year Summarized Financial Information**

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

NOTE C – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair values are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments, exchange traded funds, and cash equivalents.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

**Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interest in assets held by others (Note D).

Fair value of the beneficial interest in assets held by others is determined by the Foundation's endowment partner, OCF, and is based upon the Foundation's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the Statement of Activities as investment return. There have been no changes in valuation techniques and related inputs.

Fair value of assets measured on a recurring basis at September 30, 2020 were:

	<u>Level 3</u>
Beneficial interest in assets held by others	\$ <u><u>228,378</u></u>

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2020**

**NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)**

For the year ended September 30, 2020, the changes in investments (all unrestricted board designated net assets) classified as Level 3 are as follows:

Balance September 30, 2019	\$	225,991
Net gains and (losses)		11,718
Distributions		<u>(9,331)</u>
Balance September 30, 2020	\$	<u><u>228,378</u></u>

**NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

In December 2000, \$100,000 was transferred to the Oregon Community Foundation (OCF) in conjunction with the Board designated endowment fund. Variance power was not granted to OCF unless the Foundation ceases to exist or loses its tax exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Foundation each year.

**NOTE E – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at September 30, 2020 consist of:

Cash on hand and in checking/savings	\$	392,774
Money market accounts (includes Board designated operating reserve)		154,315
Brokerage		<u>1,641</u>
	\$	<u><u>548,730</u></u>

**NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30, 2020:

Land	\$	23,708
Building and improvements		192,720
Office furniture and equipment		168,409
Production and broadcast equipment		1,121,284
Website design		<u>29,390</u>
		1,535,511
Less accumulated depreciation		<u>(1,371,938)</u>
	\$	<u><u>163,573</u></u>

Depreciation expense for the year ended September 30, 2020 was \$33,829.

**THE KBOO FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2020**

**NOTE F – PROPERTY AND EQUIPMENT (CONTINUED)**

Several pieces of equipment were acquired with partial funding from the National Telecommunications and Information Administration, which retains a priority reversionary interest in the equipment. Equipment subject to the reversionary interest totals \$17,283 for the year ended September 30, 2020, and is included in property and equipment on page 2. The reversionary interest will be in effect through April 2021.

**NOTE G – RESTRICTIONS ON NET ASSETS**

The Organization's net assets with donor restrictions consist of grants or bequests restricted for purpose.

**NOTE H – BOARD DESIGNATIONS OF NET ASSETS**

In addition to the Board designated endowment funds (see Note D), the Board has designated a portion of cash and unrestricted net assets as a three-month operating reserve for the future.

Board-designated net assets at September 30, 2020 consist of the following:

	<u>Without Donor Restrictions</u>
Board-designated endowment	\$ 228,378
Operating reserve	<u>200,000</u>
Total Board designated net assets	<u>\$ 428,378</u>

**NOTE I – ENDOWMENT**

The Organization's endowment consists of funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board designated endowments are held at OCF.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the establishment of a set of prudent management and investment standards for boards to follow when managing endowment funds. A donor's intent to maintain an endowment in perpetuity must be considered and the fund managed accordingly.

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2020**

**NOTE I – ENDOWMENT (CONTINUED)**

As a result of this interpretation, the Organization classifies as restricted net assets-corpus not subject to expiration:

- The original value of gifts donated to the perpetual endowment
- The original value of subsequent gifts to the endowment
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument

Changes in endowment net assets for the years ended September 30, 2020 are as follows:

	Board Designated - Without Donor Restrictions
Endowment net assets, beginning of year	\$ 225,991
Investment gains (losses)	11,718
Distributions appropriated	(9,331)
Endowment net assets, end of year	\$ 228,378

**NOTE J – IN-KIND CONTRIBUTIONS**

In-kind contributions of transmitter space rents included in the Statement of Activities for the year ended September 30, 2020 totaled \$75,188. Other in-kind contributions were \$7,247 of contract services for programming and production.

**NOTE K – LEASE COMMITMENTS**

The Foundation leases tower space for certain repeater stations from third parties under operating lease agreements for various terms ranging up to 5 years with renewal options. The minimum rental commitments are summarized as follows:

Year Ending September 30,		
2021	\$	44,515
2022		7,730
2023		3,848
2024		3,964
2025		4,083
	\$	64,140

**THE KBOO FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2020**

**NOTE K – LEASE COMMITMENTS (CONTINUED)**

Total rent expense for the year ended September 30, 2020 was \$133,803, including in-kind transmitter space rents contributed.

The Foundation subleases space on the towers to various unaffiliated not-for profit organizations on a month-to-month basis. Tower rental income is included as "lease income" in the statement of activities.

**NOTE L – EMPLOYEE BENEFIT PLAN**

The Foundation maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code covering eligible employees. Retirement contributions by the Foundation are at the discretion of the Board of Directors. Contributions totaling \$6,626 were made by the Foundation for the year ended September 30, 2020.

**NOTE M – CONCENTRATION OF SOURCE OF SUPPLY OF LABOR**

The Foundation's staff, with the exception of management, (representing approximately 75% of the Foundation's employees), are members of the Communications Workers of America Local 7901, Local #123, American. The Foundation's contract with the union ended on September 30, 2020 and is in the process of being renegotiated. The Foundation's management are not represented by a union.

**NOTE N – LIQUIDITY**

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of September 30, 2020:

Financial assets at year-end*	
Cash and cash equivalents	\$ 548,730
Other receivables	913
Beneficial interest held by others	<u>228,378</u>
Total financial assets	<u>778,021</u>
Less amounts unavailable for general use within one year:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restriction	(132,749)
Board designations:	
Board-designated endowment fund	<u>(228,378)</u>
Total unavailable financial assets	<u>(361,127)</u>
Financial assets available to meet cash general expenditures within one year	\$ <u>416,894</u>

\* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)



**THE KBOO FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2020**

**NOTE N – LIQUIDITY (CONTINUED)**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

**NOTE O – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 7, 2021, which is the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple entities. The Organization has transitioned to virtual operations for the most part, and continues to broadcast using remote software. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.