

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED FINANCIAL REPORT

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

University of Central Oklahoma, Licensee
KUCO-FM Radio and the Board of Trustees of
KCSC Classical Radio Foundation
Edmond, Oklahoma

We have audited the accompanying financial statements of KUCO-FM Radio and KCSC Classical Radio Foundation which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 KUCO-FM Radio and KCSC Classical Radio Foundation as of June 30, 2019 and 2018, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Luton + Co., PLLC

Oklahoma City, Oklahoma
October 2, 2019

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2019

ASSETS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
CURRENT ASSETS				
Cash and cash equivalents	\$ 720,835	\$ 183,020	\$ -	\$ 903,855
Time deposits	-	259,000	-	259,000
Grant receivable	-	50,000	-	50,000
Other receivables	6,000	-	(6,000)	-
Accrued interest receivable	-	4,143	-	4,143
Prepaid expenses	5,544	-	-	5,544
Total current assets	<u>732,379</u>	<u>496,163</u>	<u>(6,000)</u>	<u>1,222,542</u>
PROPERTY AND EQUIPMENT				
Transmitter buildings	596,547	-	-	596,547
Broadcast towers and equipment	2,126,991	-	-	2,126,991
Office furniture and equipment	57,794	-	-	57,794
Land	12,551	-	-	12,551
	<u>2,793,883</u>	<u>-</u>	<u>-</u>	<u>2,793,883</u>
Less accumulated depreciation	1,274,999	-	-	1,274,999
Total property and equipment	<u>1,518,884</u>	<u>-</u>	<u>-</u>	<u>1,518,884</u>
OTHER ASSETS				
Cash and investments restricted for property and equipment acquisitions	-	-	-	-
Funds held by Community Foundation	-	114,504	-	114,504
Total other assets	<u>-</u>	<u>114,504</u>	<u>-</u>	<u>114,504</u>
Total assets	<u>\$ 2,251,263</u>	<u>\$ 610,667</u>	<u>\$ (6,000)</u>	<u>\$ 2,855,930</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 15,132	\$ 6,000	\$ (6,000)	\$ 15,132
Accrued compensated absences	20,720	-	-	20,720
Total current liabilities	<u>35,852</u>	<u>6,000</u>	<u>(6,000)</u>	<u>35,852</u>
NET ASSETS				
Net assets without donor restrictions	2,215,411	469,805	-	2,685,216
Net assets without donor restrictions - board designated endowment	-	114,504	-	114,504
	<u>2,215,411</u>	<u>584,309</u>	<u>-</u>	<u>2,799,720</u>
Net assets with donor restrictions	-	20,358	-	20,358
Total net assets	<u>2,215,411</u>	<u>604,667</u>	<u>-</u>	<u>2,820,078</u>
Total liabilities and net assets	<u>\$ 2,251,263</u>	<u>\$ 610,667</u>	<u>\$ (6,000)</u>	<u>\$ 2,855,930</u>

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2018

ASSETS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
CURRENT ASSETS				
Cash and cash equivalents	\$ 707,701	\$ 148,501	\$ -	\$ 856,202
Time deposits	-	408,000	-	408,000
Accrued interest receivable	-	2,395	-	2,395
Prepaid expenses	6,789	-	-	6,789
Total current assets	<u>714,490</u>	<u>558,896</u>	<u>-</u>	<u>1,273,386</u>
PROPERTY AND EQUIPMENT				
Transmitter buildings	596,547	-	-	596,547
Broadcast towers and equipment	1,910,982	-	-	1,910,982
Office furniture and equipment	57,794	-	-	57,794
Land	12,551	-	-	12,551
	<u>2,577,874</u>	<u>-</u>	<u>-</u>	<u>2,577,874</u>
Less accumulated depreciation	1,356,888	-	-	1,356,888
Total property and equipment	<u>1,220,986</u>	<u>-</u>	<u>-</u>	<u>1,220,986</u>
OTHER ASSETS				
Cash and investments restricted for property and equipment acquisitions	67,705	41,752	-	109,457
Funds held by Community Foundation	-	112,513	-	112,513
Total other assets	<u>67,705</u>	<u>154,265</u>	<u>-</u>	<u>221,970</u>
Total assets	<u>\$ 2,003,181</u>	<u>\$ 713,161</u>	<u>\$ -</u>	<u>\$ 2,716,342</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 6,855	\$ -	\$ -	\$ 6,855
Accrued compensated absences	21,074	-	-	21,074
Total current liabilities	<u>27,929</u>	<u>-</u>	<u>-</u>	<u>27,929</u>
NET ASSETS				
Net assets without donor restrictions	1,907,547	558,896	-	2,466,443
Net assets without donor restrictions - board designated endowment	-	112,513	-	112,513
	<u>1,907,547</u>	<u>671,409</u>	<u>-</u>	<u>2,578,956</u>
Net assets with donor restrictions	67,705	41,752	-	109,457
Total net assets	<u>1,975,252</u>	<u>713,161</u>	<u>-</u>	<u>2,688,413</u>
Total liabilities and net assets	<u>\$ 2,003,181</u>	<u>\$ 713,161</u>	<u>\$ -</u>	<u>\$ 2,716,342</u>

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF ACTIVITIES
Year ended June 30, 2019

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue and support				
Contributions and memberships	\$ 498,328	\$ 169,235	\$ (286,172)	\$ 381,391
Appropriations from licensee	253,127	-	-	253,127
Grants	95,259	-	-	95,259
Tower rentals	101,945	-	-	101,945
In-kind contributions	18,945	-	-	18,945
Indirect administrative support	77,488	-	-	77,488
Investment income	(602)	16,289	-	15,687
Gain (loss) on disposition of equipment	(12,700)	-	-	(12,700)
Net assets released from restrictions	67,705	37,808	-	105,513
Total revenue and support	<u>1,099,495</u>	<u>223,332</u>	<u>(286,172)</u>	<u>1,036,655</u>
Expenses				
Programming services				
Programming and production	271,687	10,587	(10,000)	272,274
Broadcasting and technical	235,205	292,578	(276,172)	251,611
Program information	2,220	275	-	2,495
Total program expenses	<u>509,112</u>	<u>303,440</u>	<u>(286,172)</u>	<u>526,380</u>
Support services				
Fundraising	58,273	-	-	58,273
Management and general	224,246	6,992	-	231,238
Total supporting expenses	<u>282,519</u>	<u>6,992</u>	<u>-</u>	<u>289,511</u>
Total expenses	<u>791,631</u>	<u>310,432</u>	<u>(286,172)</u>	<u>815,891</u>
Change in net assets without donor restrictions	307,864	(87,100)	-	220,764
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	16,414	-	16,414
Net assets released from restrictions	(67,705)	(37,808)	-	(105,513)
Change in net assets with donor restrictions	<u>(67,705)</u>	<u>(21,394)</u>	<u>-</u>	<u>(89,099)</u>
Change in net assets	240,159	(108,494)	-	131,665
Net assets, beginning of year	<u>1,975,252</u>	<u>713,161</u>	<u>-</u>	<u>2,688,413</u>
Net assets, end of year	<u>\$ 2,215,411</u>	<u>\$ 604,667</u>	<u>\$ -</u>	<u>\$ 2,820,078</u>

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF ACTIVITIES
Year ended June 30, 2018

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue and support				
Contributions and memberships	\$ 278,630	\$ 29,596	\$ (57,355)	\$ 250,871
Appropriations from licensee	261,047	-	-	261,047
Grants	97,219	-	-	97,219
Tower rentals	101,751	-	-	101,751
In-kind contributions	13,135	-	-	13,135
Indirect administrative support	80,738	-	-	80,738
Investment income	6,466	12,131	-	18,597
Net assets released from restrictions	-	50,159	-	50,159
Total revenue and support	<u>838,986</u>	<u>91,886</u>	<u>(57,355)</u>	<u>873,517</u>
Expenses				
Programming services				
Programming and production	281,766	12,400	(11,639)	282,527
Broadcasting and technical	225,633	45,235	(45,716)	225,152
Program information	2,171	-	-	2,171
Total program expenses	<u>509,570</u>	<u>57,635</u>	<u>(57,355)</u>	<u>509,850</u>
Support services				
Fundraising	53,152	-	-	53,152
Management and general	205,874	10,552	-	216,426
Total supporting expenses	<u>259,026</u>	<u>10,552</u>	<u>-</u>	<u>269,578</u>
Total expenses	<u>768,596</u>	<u>68,187</u>	<u>(57,355)</u>	<u>779,428</u>
Change in net assets without donor restrictions	70,390	23,699	-	94,089
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	50,000	-	50,000
Net assets released from restrictions	-	(50,159)	-	(50,159)
Change in net assets with donor restrictions	-	(159)	-	(159)
Change in net assets	70,390	23,540	-	93,930
Net assets, beginning of year	<u>1,904,862</u>	<u>689,621</u>	<u>-</u>	<u>2,594,483</u>
Net assets, end of year	<u>\$ 1,975,252</u>	<u>\$ 713,161</u>	<u>\$ -</u>	<u>\$ 2,688,413</u>

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	PROGRAM EXPENSES				SUPPORTING EXPENSES				TOTAL EXPENSES
	KUCO-FM RADIO		KCSC CLASSICAL RADIO FOUNDATION		KUCO-FM RADIO		KCSC CLASSICAL RADIO FOUNDATION		
	KUCO-FM RADIO	COMBINING ENTRIES	TOTAL PROGRAM EXPENSES	KUCO-FM RADIO	COMBINING ENTRIES	TOTAL SUPPORTING EXPENSES	KUCO-FM RADIO	COMBINING ENTRIES	
Salaries	\$ 143,510	\$ -	\$ 143,510	\$ 88,482	\$ -	\$ 88,482	\$ -	\$ -	\$ 231,992
Payroll tax and fringes	48,574	-	48,574	34,043	-	34,043	-	-	82,617
Depreciation	80,519	-	80,519	-	-	-	-	-	80,519
Tower rent	19,550	-	19,550	-	-	-	-	-	19,550
Utilities	41,705	-	41,705	-	-	-	-	-	41,705
Advertising	1,768	-	1,768	185	-	185	-	-	2,228
Telecommunications	22,074	-	24,401	1,863	-	1,863	-	-	26,264
Maintenance and repairs	50,985	-	61,314	-	-	-	1,500	-	62,814
Professional fees	25,810	-	29,560	35,438	-	39,646	4,208	-	69,206
Equipment	-	-	-	-	(276,172)	-	-	-	-
Dues and subscriptions	3,301	-	3,301	10,763	-	10,963	200	-	14,264
Supplies/office	4,281	-	4,281	21,563	-	22,647	1,084	-	26,928
Programming	67,035	-	67,035	-	(10,000)	-	-	-	67,035
Income tax	-	-	-	12,694	-	12,694	-	-	12,694
Administrative support	-	-	-	77,488	-	77,488	-	-	77,488
	<u>\$ 509,112</u>	<u>\$ 303,440</u>	<u>\$ 812,552</u>	<u>\$ 282,519</u>	<u>\$ (286,172)</u>	<u>\$ 526,380</u>	<u>\$ 6,992</u>	<u>\$ -</u>	<u>\$ 815,891</u>

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	PROGRAM EXPENSES				SUPPORTING EXPENSES			
	KUCO-FM RADIO		TOTAL PROGRAM EXPENSES		KCSC CLASSICAL RADIO FOUNDATION		TOTAL SUPPORTING EXPENSES	
Salaries	\$ 154,112	\$ -	\$ 154,112	\$ -	\$ 87,619	\$ -	\$ 87,619	\$ 241,731
Payroll tax and fringes	50,485	-	50,485	-	30,389	-	30,389	80,874
Depreciation	83,988	-	83,988	-	-	-	-	83,988
Tower rent	17,875	-	17,875	-	-	-	-	17,875
Utilities	44,961	-	44,961	-	-	-	-	44,961
Advertising	2,072	-	2,072	-	564	-	564	2,636
Telecommunications	34,011	2,504	36,515	-	1,668	-	1,668	38,183
Maintenance and repairs	21,927	(2,985)	18,942	-	1,500	-	1,500	20,442
Professional fees	25,490	-	25,490	-	3,382	-	3,479	60,282
Dues and subscriptions	5,132	-	5,132	-	9,723	-	9,723	14,855
Equipment	-	45,716	-	(45,716)	-	-	-	-
Supplies/office	5,391	-	5,391	-	12,915	5,670	18,585	23,976
Programming	64,126	12,400	64,887	(11,639)	-	-	-	64,887
Income tax	-	-	-	-	4,000	-	4,000	4,000
Administrative support	-	-	-	-	80,738	-	80,738	80,738
	<u>\$ 509,570</u>	<u>\$ 57,635</u>	<u>\$ (57,355)</u>	<u>\$ 509,850</u>	<u>\$ 259,026</u>	<u>\$ 10,552</u>	<u>\$ 269,578</u>	<u>\$ 779,428</u>

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF CASH FLOWS
Year ended June 30, 2019

		KUCO-FM RADIO	KCS CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
Increase (Decrease) in Cash and Cash Equivalents		\$ 498,328	\$ 135,649	\$ (286,172)	\$ 347,805
Cash flows from operating activities:					
Cash received from members, underwriters, and others		253,127	-	-	253,127
Appropriations from licensee		95,259	-	-	95,259
Grants received		101,945	-	-	101,945
Rents received		692	7,860	-	8,552
Interest received		(605,511)	(310,432)	286,172	(629,771)
Cash paid to vendors and employees		-	-	-	-
Net cash provided (used) by operating activities		343,840	(166,923)	-	176,917
Cash flows from investing activities:					
Decrease (increase) in time deposits		-	149,000	-	149,000
Decrease (increase) in funds held by community foundation		-	(1,991)	-	(1,991)
Realized and unrealized gains (losses)		(1,294)	6,681	-	5,387
Purchases of equipment		(397,117)	-	-	(397,117)
Proceeds from disposition of equipment		-	6,000	-	6,000
Restricted contributions used for equipment purchases		67,705	41,752	-	109,457
Net cash provided (used) by investing activities		(330,706)	201,442	-	(129,264)
Net increase (decrease) in cash and cash equivalents		13,134	34,519	-	47,653
Cash and cash equivalents at beginning of year		707,701	148,501	-	856,202
Cash and cash equivalents at end of year		\$ 720,835	\$ 183,020	\$ -	\$ 903,855

Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities

Change in net assets	\$ 240,159	\$ (108,494)	\$ -	\$ 131,665
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	80,519	-	-	80,519
Contributions restricted for equipment acquisition	-	-	-	-
(Gain) loss on disposition of equipment	12,700	-	-	12,700
Realized and unrealized (gains) losses	1,294	(6,681)	-	(5,387)
Decrease (increase) in Receivables	-	(51,748)	-	(51,748)
Prepaid expenses	1,245	-	-	1,245
Increase (decrease) in Payables	7,923	-	-	7,923
Net cash provided (used) by operating activities	\$ 343,840	\$ (166,923)	\$ -	\$ 176,917

Supplemental Schedule of Noncash Operating and Investing Activities:

The Station received donated in-kind contributions and indirect administrative support totaling \$96,433 which is recognized in these financial statements.

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF CASH FLOWS
Year ended June 30, 2018

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
Increase (Decrease) in Cash and Cash Equivalents	\$ 278,630	\$ 29,596	\$ (57,355)	\$ 250,871	\$ 70,390	\$ 23,540	\$ -	\$ 93,930
Cash flows from operating activities:								
Cash received from members, underwriters, and others	261,047	-	-	261,047	83,989	-	-	83,989
Appropriations from licensee	97,219	10,000	-	107,219	-	-	-	-
Grants received	101,751	-	-	101,751	-	-	-	-
Rents received	1,222	3,194	-	4,416	-	-	-	-
Interest received	(586,626)	(68,187)	57,355	(597,458)	(5,244)	(40,000)	-	(40,000)
Cash paid to vendors and employees	-	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	153,243	(23,397)	-	127,846	2,737	(1,809)	-	2,737
Cash flows from investing activities:								
Decrease (increase) in time deposits	-	(85,000)	-	(85,000)	-	-	-	-
Decrease (increase) in funds held by community foundation	-	(2,377)	-	(2,377)	-	-	-	-
Realized and unrealized gains (losses)	5,244	7,128	-	12,372	-	-	-	-
Purchases of equipment	(46,500)	-	-	(46,500)	-	-	-	-
Restricted contributions used for equipment purchases	-	-	-	-	-	-	-	-
Net cash provided (used) by investing activities	(41,256)	(40,090)	-	(81,346)	1,371	-	-	1,371
Net increase (decrease) in cash and cash equivalents	111,987	(65,487)	-	46,500	\$ 153,243	\$ (23,397)	\$ -	\$ 127,846
Cash and cash equivalents at beginning of year	595,714	213,988	-	809,702	-	-	-	-
Cash and cash equivalents at end of year	\$ 707,701	\$ 148,501	\$ -	\$ 856,202	-	-	-	-

Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities

Change in net assets
Adjustments to reconcile to net cash provided by operating activities:
Depreciation
Contributions restricted for equipment acquisition
Realized and unrealized (gains) losses
Decrease (increase) in Receivables
Prepaid expenses
Increase (decrease) in Payables

Net cash provided (used) by operating activities

Supplemental Schedule of Noncash Operating and Investing Activities:

The Station received donated in-kind contributions and indirect administrative support totaling \$93,873 which is recognized in these financial statements.

The Notes to Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 1. Significant Accounting Policies

The combined financial statements of KUCO-FM Radio and KCSC Classical Radio Foundation (the Organizations) have been prepared on the accrual basis. All intercompany balances and transactions have been eliminated in the combined financial statements. The significant accounting policies followed are described below.

Organization

KUCO-FM Radio (the Station), formerly known as KCSC-FM, is operated by the University of Central Oklahoma (the University). The Station began transmitting in 1966 and relies upon individual memberships, program underwriting, University appropriations and Corporation for Public Broadcasting (CPB) grants as its major sources of revenue.

KCSC Classical Radio Foundation (the Foundation), was created on August 8, 2001, as a 501(c)(3) organization, to support and promote classical music radio in Oklahoma. It operates primarily on financial contributions from the general public.

Financial statement presentation

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

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

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.

Capital expenditures and depreciation

The Organizations capitalize all expenditures for property and equipment in excess of \$2,500. Property and equipment are stated at cost or, in the case of donated property, at their estimated fair value at date of receipt. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is calculated by the straight-line method over the following estimated useful lives:

Transmitter buildings	40 years
Broadcast towers and equipment	5 - 40 years
Office furniture and equipment	3 - 5 years

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from the estimates.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 1. Significant Accounting Policies, continued

Restricted and unrestricted revenue

Revenues, gains, and other support are reported as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction end or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restriction. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets and liabilities are reported as increases and decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

In-kind contributions

In-kind contributions are recorded as revenue and expense. The contributions consist primarily of indirect support provided by the University. These items are valued at their estimated fair value.

Functional allocation of expenses

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

Statement of cash flows

For purposes of the statement of cash flows, the Organizations consider all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Income tax

The University is subject to tax on any net income from activities considered unrelated to its tax-exempt purpose. One such activity is the Station's income from the leasing of space on its broadcast towers.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 2. Net Assets with Donor Restrictions

An analysis of donor restricted net assets for the years ended June 30, 2019 and 2018 is as follows:

	June 30, 2019	June 30, 2018
Williams Estate - equipment	\$ -	\$ 67,705
Communities Foundation of Oklahoma - equipment	-	24,216
Rapp Foundation - transmitter	-	3,004
Kirkpatrick Foundation - remote equipment	3,944	14,532
Various individuals - studio relocation	<u>16,414</u>	<u>-</u>
	<u>\$20,358</u>	<u>\$109,457</u>

Note 3. Retirement and Pension Plans

KUCO-FM Radio participates, through its affiliation with the University, in the Teacher's Retirement System of Oklahoma. The System covers college and university employees, public school teachers, school employees and boards set up to administer various departments of education. The Station contributes 8.55% of base salary plus benefits for employees who elect coverage through the System. Additionally, on base salary plus benefits in excess of \$10,000, the Station will contribute an additional 7%. The contribution for the years ended June 30, 2019 and 2018 was \$39,011 and \$38,454, respectively.

Note 4. Related Party Transactions

During the years ended June 30, 2019 and 2018, the Station recognized as revenue \$253,127 and \$261,047, respectively, of appropriations from the University. Indirect administrative support from the University consisted of \$77,488 in 2019 and \$80,738 in 2018 of allocated University departmental expenses incurred on behalf of the Station. This valuation is based on guidelines established by the Corporation for Public Broadcasting and is intended to represent the fair value of such indirect administrative support.

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Note 5. Funds Held by Others

The University of Central Oklahoma Foundation (“UCO Foundation”) is holding funds for the benefit of the Organizations. The original contribution was restricted by the donor for equipment purchases. Earnings, gains and losses, and investment fees are considered to be unrestricted.

The UCO Foundation’s policy is to pool its funds and allocate investment earnings, including realized and unrealized gains and losses, to the various accounts it maintains. Valuations of securities are based on quoted market prices, which is considered Level I under the fair market hierarchy. Investment income for 2019 includes \$798 of realized gains and \$2,092 of unrealized losses allocated by the UCO Foundation. Investment income in 2018 includes \$4,333 of realized gains and \$911 of unrealized gains.

Note 6. Funds Held by Community Foundation

The Foundation invested \$100,000 late in the fiscal year ended June 30, 2016 with the Oklahoma City Community Foundation (OCCF). The OCCF maintains variance power over the funds. OCCF distribution policy is to annually distribute 5% of the average market value of the account, based on the previous twelve quarters or life of the account. Funds transferred by the KCSC Classical Radio Foundation, reciprocal transfers, are recognized in the statement of financial position. Contributions from third parties are maintained in a separate account, the value of which is disclosed, but not recognized as assets of the KCSC Classical Radio Foundation. The distribution policy for this account is identical to that of the reciprocal account.

The market value and activity of the accounts is as follows:

	Reciprocal	Third-Party
Market value at July 1, 2017	\$110,136	\$36,795
Transfers/contributions	-	-
Net investment income	7,549	2,522
Distributions	<u>(5,172)</u>	<u>(1,728)</u>
Market value at June 30, 2018	112,513	37,589
Transfers/contributions	-	-
Net investment income	7,295	2,437
Distributions	<u>(5,304)</u>	<u>(1,772)</u>
Market value at June 30, 2019	<u>\$114,504</u>	<u>\$38,254</u>

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Note 7. Changes in Accounting Principle

Prior to the adoption of ASU 2016-14, the Station had net assets that were both unrestricted and temporarily restricted. ASU 2016-14 was implemented and the presentation of the financial statements have been adjusted accordingly. Temporarily restricted net assets have been classified as net assets with donor restrictions and unrestricted net assets were classified as net assets without donor restrictions. ASU 2016-14 also addressed liquidity disclosures. As of July 1, 2017, certain items have been reclassified in order to conform to the current financial statement presentation.

Note 8. Liquidity and Availability

Financial assets available for general expenditures, that is without donor restriction or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 903,855
Time deposits	259,000
Grant receivable	50,000
Accrued interest receivable	<u>4,143</u>
	<u>\$1,216,998</u>

Note 9. Commitments

The Station's studio is being relocated from the UCO campus to downtown Oklahoma City. It is anticipated the move will cost \$175,000 to \$200,000, including renovations and equipment. A fundraising campaign was initiated and \$16,414 had been received as of June 30, 2019. In July of 2019, an anonymous donor contributed approximately \$230,000 towards the project.

Note 10. Subsequent Events

Management has reviewed subsequent events, if any, through the report date of October 2, 2019, the date the report was available to be issued, and has determined there were no additional subsequent events requiring disclosure in these financial statements.