

KUCO-FM RADIO  
and  
KCSC CLASSICAL RADIO FOUNDATION

COMBINED FINANCIAL REPORT

June 30, 2020 and 2019

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# *Luton & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

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Bruce L. Van Huisen  
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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, 2020 and 2019, 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, 2020 and 2019, 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 14, 2020

KUCO-EM RADIO  
and  
KCSC CLASSICAL RADIO FOUNDATION

STATEMENTS OF FINANCIAL POSITION  
June 30, 2020

ASSETS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 806,143	\$ 91,205	\$ -	\$ 897,348
Time deposits	-	442,000	-	442,000
Grant receivable	-	-	-	-
Other receivables	-	-	-	-
Accrued interest receivable	-	6,059	-	6,059
Prepaid expenses	5,111	-	-	5,111
Total current assets	<u>811,254</u>	<u>539,264</u>	<u>-</u>	<u>1,350,518</u>
<b>PROPERTY AND EQUIPMENT</b>				
Transmitter buildings	596,547	-	-	596,547
Broadcast towers and equipment	2,357,175	-	-	2,357,175
Office furniture and equipment	57,794	-	-	57,794
Land	12,551	-	-	12,551
	<u>3,024,067</u>	<u>-</u>	<u>-</u>	<u>3,024,067</u>
Less accumulated depreciation	1,370,174	-	-	1,370,174
Total property and equipment	<u>1,653,893</u>	<u>-</u>	<u>-</u>	<u>1,653,893</u>
<b>OTHER ASSETS</b>				
Funds held by Community Foundation	-	111,466	-	111,466
Total other assets	<u>-</u>	<u>111,466</u>	<u>-</u>	<u>111,466</u>
Total assets	<u>\$ 2,465,147</u>	<u>\$ 650,730</u>	<u>\$ -</u>	<u>\$ 3,115,877</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 7,975	\$ 10,888	\$ -	\$ 18,863
Accrued compensated absences	21,336	-	-	21,336
Total current liabilities	<u>29,311</u>	<u>10,888</u>	<u>-</u>	<u>40,199</u>
<b>NET ASSETS</b>				
Net assets without donor restrictions	2,435,836	524,689	-	2,960,525
Net assets without donor restrictions - board designated endowment	-	111,466	-	111,466
	<u>2,435,836</u>	<u>636,155</u>	<u>-</u>	<u>3,071,991</u>
Net assets with donor restrictions	-	3,687	-	3,687
Total net assets	<u>2,435,836</u>	<u>639,842</u>	<u>-</u>	<u>3,075,678</u>
Total liabilities and net assets	<u>\$ 2,465,147</u>	<u>\$ 650,730</u>	<u>\$ -</u>	<u>\$ 3,115,877</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, 2019

ASSETS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
<b>CURRENT ASSETS</b>				
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>
<b>PROPERTY AND EQUIPMENT</b>				
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>
<b>OTHER ASSETS</b>				
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>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
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>
<b>NET ASSETS</b>				
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 ACTIVITIES

Year ended June 30, 2020

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Revenue and support				
Contributions and memberships	\$ 397,031	\$ 320,009	\$ (230,184)	\$ 486,856
Appropriations from licensee	327,654	-	-	327,654
Grants	166,014	-	-	166,014
Tower rentals	93,730	-	-	93,730
In-kind contributions	11,853	-	-	11,853
Indirect administrative support	77,358	-	-	77,358
Investment income	746	11,274	-	12,020
Gain (loss) on disposition of equipment	-	-	-	-
Net assets released from restrictions	-	19,709	-	19,709
Total revenue and support	1,074,386	350,992	(230,184)	1,195,194
Expenses				
Programming services				
Programming and production	279,961	18,573	(18,315)	280,219
Broadcasting and technical	295,478	261,164	(211,869)	344,773
Program information	2,223	-	-	2,223
Total program expenses	577,662	279,737	(230,184)	627,215
Support services				
Fundraising	53,510	3,865	-	57,375
Management and general	222,789	12,506	-	235,295
Total supporting expenses	276,299	16,371	-	292,670
Total expenses	853,961	296,108	(230,184)	919,885
Change in net assets without donor restrictions	220,425	54,884	-	275,309
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	-	-	-	-
Net assets released from restrictions	-	(19,709)	-	(19,709)
Change in net assets with donor restrictions	-	(19,709)	-	(19,709)
Change in net assets	220,425	35,175	-	255,600
Net assets, beginning of year	2,215,411	604,667	-	2,820,078
Net assets, end of year	\$ 2,435,836	\$ 639,842	\$ -	\$ 3,075,678

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
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
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
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
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 FUNCTIONAL EXPENSES  
Year ended June 30, 2020

	PROGRAM EXPENSES			SUPPORTING EXPENSES			TOTAL EXPENSES
	KCSC			KCSC			
	KUCO-FM RADIO	CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	TOTAL PROGRAM EXPENSES	KUCO-FM RADIO	CLASSICAL RADIO FOUNDATION	
Salaries	\$ 148,455	\$ -	\$ -	\$ 148,455	\$ 83,155	\$ -	\$ 83,155
Payroll tax and fringes	48,724	-	-	48,724	29,837	-	29,837
Depreciation	95,175	-	-	95,175	-	-	95,175
Rent	35,361	-	-	35,361	6,098	-	41,459
Utilities	60,719	-	-	60,719	-	-	60,719
Advertising	2,223	-	-	2,223	-	-	2,223
Telecommunications	25,089	-	-	25,089	330	-	25,419
Maintenance and repairs	48,286	24,541	-	72,827	1,484	-	74,311
Professional fees	38,854	17,239	-	56,093	799	4,446	61,338
Equipment	-	211,869	(211,869)	-	38,063	5,049	43,112
Dues and subscriptions	-	-	-	-	10,421	-	10,421
Supplies/office	8,529	7,515	-	16,044	21,202	3,011	40,257
Programming	66,247	18,573	(18,315)	66,505	-	-	66,505
Income tax	-	-	-	-	7,552	-	7,552
Administrative support	-	-	-	-	77,358	-	77,358
	\$ 577,662	\$ 279,737	\$ (230,184)	\$ 627,215	\$ 276,299	\$ 16,371	\$ 292,670
							\$ 919,885

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		
		COMBINING ENTRIES		COMBINING ENTRIES		COMBINING ENTRIES		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
Rent	19,550	-	19,550	-	-	-	-	-	19,550
Utilities	41,705	-	41,705	-	-	-	-	-	41,705
Advertising	1,768	-	2,043	-	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	-	4,208	-	69,206
Equipment	-	-	-	(276,172)	-	-	-	-	-
Dues and subscriptions	3,301	-	3,301	-	10,763	-	200	-	14,264
Supplies/office	4,281	-	4,281	-	21,563	-	1,084	-	26,928
Programming	67,035	-	67,622	(10,000)	-	-	-	-	67,622
Income tax	-	-	-	-	12,694	-	-	-	12,694
Administrative support	-	-	-	-	77,488	-	-	-	77,488
	\$ 509,112	\$ 303,440	\$ 812,552	\$ (286,172)	\$ 282,519	\$ 6,992	\$ 289,511	\$ -	\$ 815,891

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

KUCO-FM RADIO  
and  
KCSO CLASSICAL RADIO FOUNDATION

STATEMENTS OF CASH FLOWS  
Year ended June 30, 2020

	KUCO-FM RADIO	KCSO CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
Increase (Decrease) in Cash and Cash Equivalents	\$ 396,251	\$ 368,093	\$ (230,184)	\$ 534,160
Cash flows from operating activities:				
Cash received from members, underwriters, and others	327,654	-	-	327,654
Appropriations from license	166,014	-	-	166,014
Grants received	93,730	-	-	93,730
Rents received	147	8,771	-	8,918
Cash paid to vendors and employees	(668,903)	(291,220)	230,184	(729,939)
Net cash provided (used) by operating activities	314,893	85,644	-	400,537
Cash flows from investing activities:				
Decrease (increase) in time deposits	-	(183,000)	-	(183,000)
Decrease (increase) in funds held by community foundation	-	3,038	-	3,038
Realized and unrealized gains (losses)	599	2,503	-	3,102
Purchases of equipment	(230,184)	-	-	(230,184)
Proceeds from disposition of equipment	-	-	-	-
Restricted contributions used for equipment purchases	-	-	-	-
Net cash provided (used) by investing activities	(229,585)	(177,459)	-	(407,044)
Net increase (decrease) in cash and cash equivalents	85,308	(91,815)	-	(6,507)
Cash and cash equivalents at beginning of year	720,835	183,020	-	903,855
Cash and cash equivalents at end of year	\$ 806,143	\$ 91,205	\$ -	\$ 897,348

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

Change in net assets	\$ 220,425	\$ 35,175	\$ -	\$ 255,600
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	95,175	-	-	95,175
(Gain) loss on disposition of equipment	-	-	-	-
Realized and unrealized (gains) losses	(599)	(2,503)	-	(3,102)
Decrease (increase) in				
Receivables	6,000	48,084	-	54,084
Prepaid expenses	433	-	-	433
Increase (decrease) in				
Payables	(6,541)	4,888	-	(1,653)
Net cash provided (used) by operating activities	\$ 314,893	\$ 85,644	\$ -	\$ 400,537

Supplemental Schedule of Non-cash Operating and Investing Activities:

The Station received donated in-kind contributions and indirect administrative support totaling \$89,211 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, 2019

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>				
Cash flows from operating activities:				
Cash received from members, underwriters, and others	\$ 498,328	\$ 135,649	\$ (286,172)	\$ 347,805
Appropriations from licensee	253,127	-	-	253,127
Grants received	95,259	-	-	95,259
Rents received	101,945	-	-	101,945
Interest received	692	7,860	-	8,552
Cash paid to vendors and employees	(605,511)	(310,432)	286,172	(629,771)
Net cash provided (used) by operating activities	<u>343,840</u>	<u>(166,923)</u>	<u>-</u>	<u>176,917</u>
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	<u>(330,706)</u>	<u>201,442</u>	<u>-</u>	<u>(129,264)</u>
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	<u>\$ 720,835</u>	<u>\$ 183,020</u>	<u>\$ -</u>	<u>\$ 903,855</u>

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
(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	<u>\$ 343,840</u>	<u>\$ (166,923)</u>	<u>\$ -</u>	<u>\$ 176,917</u>

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

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, 2020 and 2019

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 ends 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 restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. 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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Note 2. Net Assets with Donor Restrictions

An analysis of donor restricted net assets for the years ended June 30, 2020 and 2019 is as follows:

	June 30, 2020	June 30, 2019
Kirkpatrick Foundation - remote equipment	\$3,687	\$ 3,944
Various individuals - studio relocation	-	16,414
	<u>\$ 3,687</u>	<u>\$20,358</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. The Station also contributes an additional 7% on base salary plus benefits in excess of \$10,000. The contribution for the years ended June 30, 2020 and 2019 was \$35,797 and \$39,011, respectively.

Note 4. Related Party Transactions

During the years ended June 30, 2020 and 2019, the Station recognized as revenue \$307,327 and \$253,127, respectively, of appropriations from the University. Indirect administrative support from the University consisted of \$77,358 in 2020 and \$77,488 in 2019 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. 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 2020 includes \$553 of realized gains and \$46 of unrealized gains. Investment income in 2019 includes \$798 of realized gains and \$2,092 of unrealized losses allocated by the UCO Foundation.

Note 6. Funds Held by Community Foundation

The Foundation invested \$100,000 in the fiscal year ended June 30, 2016 with the Oklahoma City Community Foundation. 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, 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	114,504	38,254
Transfers/contributions	-	-
Net investment income	2,293	766
Distributions	<u>(5,331)</u>	<u>(1,781)</u>
Market value at June 30, 2020	<u>\$111,466</u>	<u>\$37,239</u>



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Note 7. 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	\$ 897,348
Time deposits	442,000
Accrued interest receivable	<u>6,059</u>
	<u>\$1,345,407</u>

Note 8. Commitments

As discussed in previously issued financial statements, the Station had planned a studio relocation from the UCO campus to downtown Oklahoma City and this was completed during fiscal year 2020. The cost of the move was approximately \$300,000 and was funded through a combination of third-party donations and existing funds.

Note 9. Subsequent Events

Management has reviewed subsequent events, if any, through the report date of October 14, 2020, the date the report was available to be issued, and has determined there were no additional subsequent events requiring disclosure in these financial statements, except as noted below.

The Coronavirus pandemic has had a significant impact on the economy locally, across the nation, and globally. During the fiscal year ended June 30, 2020, the Station received an unrestricted grant of \$75,000 from CPB to help with the challenges created by the pandemic. The situation is rapidly evolving so the magnitude and duration of the economic disruption is not known at this date. This pandemic could have a material impact on the Station's financial condition and future operations.