Financial Statements
June 30, 2020 and 2019

KCRW-FM Radio
Santa Monica Community College District

KCRW-FM Radio
Santa Monica Community College District
Table of Contents
June 30, 2020 and 2019

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Financial Statements

- Consolidated Statements of Net Position 13
- Consolidated Statements of Revenues, Expenses, and Changes in Net Position 15
- Consolidated Statements of Cash Flows 17
- Notes to Financial Statements 19

Required Supplementary Information

- Schedule of the Station's Proportionate Share of the Net Pension Liability – CalPERS – Schools Pool Plan 34
- Schedule of the Station's Contributions – CalPERS – Schools Pool Plan 35
- Note to Required Supplementary Information 36

Supplementary Information

- Schedules of Functional Expenses – KCRW-FM 37
- Schedules of Functional Expenses – KCRW Foundation, Inc. 39
- Note to Supplementary Information 41

Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 42

Schedule of Findings and Questioned Costs

- Financial Statement Findings 44
- Summary Schedule of Prior Audit Findings 45

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Santa Monica Community College District and
KCRW-FM Radio
Santa Monica, California

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of the business-type activities of KCRW-FM Radio (the Station or KCRW), a public telecommunications operation of the Santa Monica Community College District (the District), as of and for the year ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of KCRW Foundation, Inc. (the Foundation), an affiliate, which statements reflect total assets of $48,233,976 and $46,662,129 as of June 30, 2020 and 2019, respectively, and total revenues of $24,914,806 and $27,122,989, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Station's preparation and fair presentation of the consolidated 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 Station'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 consolidated financial statements.

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

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

Opinions

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Station as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position and the changes in financial position attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the Santa Monica Community College District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, and other required supplementary schedules on pages 34 through 36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Station's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2021, on our consideration of Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Station's internal control over financial reporting and compliance.

Rancho Cucamonga, California
February 11, 2021

NATURE OF THE ORGANIZATION

The following discussion and analysis provides an overview of the financial position and activities of KCRW-FM Radio (the Station or KCRW) for the twelve-month period ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Station is maintained on the campus of the Santa Monica Community College District (the District) in the city of Santa Monica, California. The Station is a community service of the District and provides 500,000 listeners each week with an eclectic schedule of music, news, information, and cultural programming. As a member-supported, non-commercial station, its 47,000 members/subscribers provide the Station with the largest single source of financial support. In turn, the Station and other member stations provide National Public Radio (NPR) with more than half of its operating budget.

KCRW Foundation, Inc. (the Foundation) was established to promote and provide financial support to the Station. The Foundation is a separate legal entity, a 501(c)(3) nonprofit public benefit corporation, maintains a separate Board of Directors, and its activities are not governed or controlled by the Station. Support is derived from foundation grants, underwriting contributions, individual contributions, and membership donations.

Separation of activities between the Foundation and the Station is not always clearly distinguishable and has developed over the years based on the need to raise additional funds through the Foundation to support the Station's operations. Revenue is generated by both the Foundation and the Station. Generally, the Corporation for Public Broadcasting funds are recognized by the Station, whereas underwriting revenue, membership donations, income from fundraising events, and other contribution revenues are recognized by the Foundation. Expenses are shared, with the majority of payroll paid through the Foundation.

Therefore, because of the nature and significance of the Foundation's relationship with the Station, the Foundation's accounts are presented in annual combined financial statements in order to achieve meaningful financial statements that fully and fairly disclose the financial position and results of the Station's operations.

PROGRAM SUMMARY

KCRW is one of the nation's leading National Public Radio affiliates, featuring an eclectic mix of music, news, information, and cultural programming. A leader in public service media for over 30 years, KCRW is a primary news and cultural resource for generations of listeners and has informed and enriched the lives of millions of people across Southern California and around the world. KCRW boasts one of the largest collections of locally-produced, nationally-distributed programming.

Each week KCRW produces over 100 hours of original news, music, and culture content - including award winning, impactful, public service journalism - delivered on-air, online, and in person to diverse, curious communities. KCRW also invests in original podcast, broadcast, and digital programs that explore storytelling, design, music commentary, and experimental radio programming. KCRW is celebrated for its live events and partners with local organizations to offer over 100 live music and cultural events attended by over 200,000 people from throughout Southern California each year.

KCRW's team of producers, DJs, and journalists has received many prestigious honors, including The George Foster Peabody Award, Edward R. Murrow Award, Los Angeles Press Club Awards, and Radio & Television News Directors Association Awards. KCRW's music team is widely recognized for discovering new music around the world and has a long history of introducing emerging artists to American audiences.

PROGRAM HIGHLIGHTED IN 2020

- Created new original podcasts, documentaries, and special reporting series including (1) the launch of "Life Examined," which was created as a direct response to the spiritual effect of the COVID-19 pandemic (2) the second season of "Bodies," a medical mystery show that focuses on the underreported topic of women's health; (3) the second season of "Welcome to LA" an evocative and artistic portrait of Los Angeles that explores how it feels to live in Los Angeles through the experiences of both transplants and natives; (4) and a four-part documentary series, "Samaritans," which continues KCRW's deep dive into Los Angeles's housing crisis by following one neighborhood's attempt to house a woman living unhoused on their street corner, with a focus on the bureaucratic response to homelessness.

- Even though the COVID-19 pandemic has disrupted our regular live event programming, 2019-20 was an exciting time for events for KCRW. KCRW launched the KCRW @ Home event series with live recordings of shows such as Greater LA, Bookworm, Press Play, and weekly Morning Becomes Eclectic live music sessions from our Annenberg Performance Studio at the KCRW Headquarters on the CMD Campus of Santa Monica College. We also held our annual Summer Nights and World Festival Summer music festivals during the Summer of 2019. While COVID-19 has made us rethink our 2020 event offerings, that hasn't slowed our work in this area as we have pivoted to hosting online events and conversations— frequently tailored to the topics that are immediately facing our society.

- Continued educational opportunities across KCRW departments including internships across shows such as "Morning Edition" and "All Things Considered" as well as volunteer opportunities in departments such as Development, Membership, and Operations. KCRW worked with local institutions of higher education to provide unique opportunities for students to engage and learn with the Station.

- Expanded field-building and professional development opportunities for media producers, including Independent Producer Project workshops and the 7th and 8th Annual 24-Hour Radio Race in August 2019 and June 2020, wherein 165 and 140, respectively, short radio stories were submitted worldwide.

- Launched its newest educational opportunity, the Report LA Fellowship. The fellowship was created to address a lack of diverse voices and points of view in public media by employing and training new, diverse voices who can launch their media careers from KCRW. The fellowship will last more than one year and include deep training and mentoring. Diversifying public radio and KCRW's workforce is essential to building a system that embodies the diversity of the population that we serve through our reporting, ensuring that KCRW, and public radio as a whole, stays a relevant public service.

CAPITAL CAMPAIGN UPDATE

In 2008 the District secured funds from the voter-approved bond Measure AA to construct the KCRW Media Center as part of renovations to its CMD campus. With over three times the Station's current studio space and digitally integrated public program space, the KCRW Media Center serves as both a multi-purpose venue and state-of-the-art broadcast studio.

In 2013, KCRW Foundation launched the first major Capital Campaign in its history to support three objectives: (1) construct the KCRW Media Center, custom-designed to meet the Station's needs and connect the Station to audiences in new and profound ways; (2) invest in programming that moves the Station to new levels of excellence; and (3) create digital technologies that preserve the Station's mission amid an ever-changing media landscape.

For most of the Station's history, it has operated in small basement studios beneath the cafeteria on the campus of Santa Monica College. While "The Basement" will always be integral to the Station's history, its move into the brand new, 35,000 square-foot KCRW Media Center on the Center for Media and Design Campus of Santa Monica College has allowed the Station to better meet the needs of its community.

During the year ended June 30, 2020, the Station achieved the following outcomes:

In March 2019, the Station officially began operating out of the KCRW Media Center. Daily live broadcasts started in early March and live music sessions began airing on Morning Becomes Eclectic in May 2019. The KCRW Media Center is an essential expansion of the Station's activities in the following ways:

- One of the most exciting components of the KCRW Media Center is the 1,400 square-foot Annenberg Performance Studio that is a state-of-the-art community gathering space and performance venue. In the first two years of the studio's operation, it has hosted dozens of live performances from acts both legendary as well as up-and-coming. These performances are aired on our signature daily morning music show, Morning Becomes Eclectic, and have included James Blake, Jamila Woods, Jenny Lewis, Leif Vollebekk, Robert Glasper, and more.

- The Annenberg Performance Studio has also been an essential place for the Station to host community gatherings. These have included live tapings of shows such as Greater LA and Press Play along with tie-in events such as This Album Saved My Life, which was a companion event to the second season of the Station's popular podcast, Lost Notes. Welcoming the community into our new home for these events has been groundbreaking in the more personal ways we have been able to engage with our audience. Events are easier and cheaper to produce, better engage audiences, and can be much more flexible given the multi-purpose design of the space.

- The Station's original programming output is larger than ever before. The old basement studio's limited supply of studios led to frequent scheduling difficulties and overlaps. With 26 dedicated studio spaces for audio production and editing, the Station is now recording a greater number of programs simultaneously while avoiding scheduling conflicts over shared spaces.

- The KCRW Media Center has revolutionized many of the ways in which our multiple departments operate (including Programming, Development, Underwriting, Membership, Finance, HR, Operations, and Events). After years of working throughout five different offices spread across Santa Monica, the Station and KCRW Foundation's employees are now finally under one roof, which has spurred a greater degree of cross-departmental collaboration.

The Station continued coverage of essential issues such as homelessness, climate change, education, and more in ways that were developed through support for the Capital Campaign. One of our greatest examples of this timely, interdisciplinary programming made possible by the Capital Campaign is Press Play with Madeleine Brand, the Station's signature daily local and national affairs program. Hosted by award-winning journalist Madeleine Brand, Press Play spans all that the Station has to offer by incorporating local and national news, arts, culture, and music into a single program.

Press Play has been honored with a number of awards from the Los Angeles Press Club over the last year. At the winter 12th Annual National Arts & Entertainment Journalism Awards in December 2019, Press Play won first place in the "Best Radio One-on One Interview, Other Arts Personalities" category." Furthermore, the show won first place at the 62nd Southern California Journalism Awards in the "Radio Talk/Public Affairs" category.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Station as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The statement of net position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the Station.

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the Station. Readers are also able to determine how much the Station owes vendors and employees. Finally, the statement of net position provides a picture of the net position and their availability for expenditure by the Station.

The difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the Station; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost.

The net position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the Station. The second category, expendable restricted net position, are net position available to be spent by the Station for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The third category is unrestricted net position that is available to the Station for any lawful purpose of the Station.

The statement of net position for the fiscal year ended June 30, 2020, 2019, and 2018 is summarized below:

	2020	2019	2018
Assets			
Current assets	$ 53,256,009	$ 52,516,187	$ 52,355,677
Noncurrent assets	486,274	1,044,145	2,448,413
Total assets	53,742,283	53,560,332	54,804,090
Deferred Outflows of Resources	334,962	400,772	459,305
Liabilities			
Current liabilities	3,664,319	3,003,295	3,828,352
Noncurrent liabilities	1,918,389	1,847,458	1,812,571
Total liabilities	5,582,708	4,850,753	5,640,923
Deferred Inflows of Resources	82,402	26,439	33,280
Net Position			
Invested in capital assets	467,074	555,730	646,398
Restricted	8,288,202	10,083,528	15,786,794
Unrestricted	39,656,859	38,444,654	33,156,000
Total net position	$ 48,412,135	$ 49,083,912	$ 49,589,192

- Current assets are mainly cash, investments and pledges receivable. Non-current assets are mainly long-term pledges receivable and capital assets. The increase in total assets from June 30, 2019 is primarily due to earnings of investments and proceeds from note payable, net of receivables deemed uncollectible and use of cash in operations.

- Deferred outflows of resources decreased primarily due to a positive difference between the projected and actual investment earnings of the State pension program.

- Current liabilities consist of accounts payable and a note payable. The increase from June 30, 2019 is primarily due to note payable, net of decrease in accounts payable related to KCRW Media Center costs.

- Net pension liability increased mainly due to an increase in the net pension liability at the State level.

Changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses and changes in net position. The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not, by the Station, the operating and nonoperating expenses incurred, whether paid or not, by the Station, and any other revenues, expenses, gains and/or losses earned or incurred by the Station. Thus, this statement presents the Station's results of operations.

Generally, operating revenues are earned for providing services to the various members or customers of the Station. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the Station. Nonoperating revenues are those received or pledged for which goods and services are not provided.

The statement of revenues, expenses, and changes in net position for the fiscal year ended June 30, 2020, 2019, and 2018 is summarized below:

	2020	2019	2018
Operating Activity			
Operating Revenues			
Subscription and membership income	$ 6,430,835	$ 6,006,788	$ 7,350,061
Contributions	13,602,630	14,506,377	11,766,775
Contributed goods and services	900,003	3,305,113	3,186,594
Contributed administrative support	2,546,350	1,662,091	1,578,131
Grants	1,460,599	1,538,911	1,623,164
Other operating income	81,798	82,009	20,211
Total operating revenues	25,022,215	27,101,289	25,524,936
Total operating expenses	27,187,037	29,330,474	28,657,182
Operating Loss	(2,164,822)	(2,229,185)	(3,132,246)
Nonoperating Revenues			
Investment gain, net	1,493,045	1,698,905	1,255,335
Capital campaign contributions	-	25,000	512,060
Total nonoperating revenues	1,493,045	1,723,905	1,767,395
Change in Net Position	(671,777)	(505,280)	(1,364,851)
Net Position, Beginning of Year	49,083,912	49,589,192	50,954,043
Net Position, End of Year	$ 48,412,135	$ 49,083,912	$ 49,589,192

- Total operating revenue decreased in the current year primarily due the decrease in contributions and contributed goods and services related to the impacts of COVID-19, net of increase in contributed administrative support.

- Underwriting contributions are solicited and generated by the Foundation for the support of the Station's operational activities.

- Grants primarily are from the Corporation for Public Broadcasting (CPB). Just as local stations serve their communities, the Corporation for Public Broadcasting supports stations. These funds are appropriated by the Federal government and CPB, following a statutory formula, allocating funds to public television and radio station community service grants. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) included $75 million of emergency stabilization funds for public media organizations. The CPB distributed allocated $75,000 in an unrestricted grant to KCRW-FM as a these funds to eligible Community Service Grant recipient.

- Contributed administrative support is from the District (the licensee). "Institutional stations" can claim contributed administrative support from their licensees. Institutional stations are departments, divisions, or units of the licensee that are not legally discrete and are often dependent upon the licensee for support. Included in this category are stations licensed to public universities and colleges. Therefore, the Station has been deemed to be an "institutional station" and has included contributed administrative support from the licensee.

- Under guidance issued by the CPB, a new method to calculate contributed administrative support was implemented for fiscal year 2020: The ratio of the District's indirect costs to the District's direct costs is applied against the Station's Net Direct Expenses. Additionally, as the Station operates in a facility that is provided by the District at no cost to the Station, the occupancy value of $1.9 million is added to arrive at $2.546 million in contributed administrative costs.

- Total operating expenses are primarily for programming and broadcasting, fundraising and membership development expenses for both the Station and the Foundation. Total operating expense decreased in the current year primarily related to reduced Broadcast expense activity equipping the Media Center which was completed in the prior year, net of expense related to uncollectible receivables.

- Nonoperating revenues (expenses) consist of investment return on the Foundation investments.

CAPITAL ASSETS

As of June 30, 2020 and 2019, the Station had $467,074 and $555,730, respectively, invested in net capital assets, primarily related to Station operations. Total capital assets consist of data processing equipment and broadcasting equipment.

STATEMENT OF CASH FLOWS

The statement of cash flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps users assess the Station's ability to generate positive cash flows, meet obligations as they come due and the need for external financing.

The statement of cash flows is divided into three parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the Station. The second part provides information from investing activities and the amount of investment earnings received. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items and proceeds from note payable.

The statement of cash flows for the fiscal years ended June 30, 2020, 2019, and 2018 is summarized below:

	2020	2019	2018
Cash Provided By (Used By)			
Operating activities	$ 3,687,438	$ (1,146,771)	$ 1,943,528
Investing activities	(932,861)	(6,724,693)	(809,560)
Capital and related financing activities	1,601,306	25,000	(79,623)
Net Change in Cash	4,355,883	(7,846,464)	1,054,345
Cash Balance, Beginning of Year	8,085,095	15,931,559	14,877,214
Cash Balance, End of Year	$ 12,440,978	$ 8,085,095	$ 15,931,559

- Cash provided by operating activities in 2020 relates to lower Foundation expenditures in 2020. In 2019, capital campaign expenditures in accordance with donor restrictions were higher as the Foundation was in the process of equipping the new building.

- Cash from investing activities includes investment activity on amounts held by the Foundation. Use of cash in 2019 relates to increased purchase of investments.

- Cash from capital and related financing activities in 2020 consists of the purchase of capital assets. In 2019, it consisted of the receipt of capital campaign contributions to be used for the purchase of capital assets. In addition, cash from capital and related financing activities consist of the note payable proceeds from a Paycheck Protection Program loan from the of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

During the year ended June 30, 2020, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world, causing business disruption and significant market volatility, which may negatively impact KCRW Foundation's operations and investment portfolio. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The scope and duration of this impact cannot be reasonably estimated at this time.

The economic position of the Station is closely tied to that of the District, and, therefore, the State of California. As the Station serves its various constituents, income, and fluctuations thereto, depend on the ability of the District to support the Station while continuing to serve its current student body. Under the current economic conditions existing in the state, the exact nature of the District's financial status is difficult to forecast.

CONTACTING KCRW-FM RADIO MANAGEMENT

This financial report is designed to provide our donors, taxpayers, investors, and creditors with a general overview of the Station's finances and to show the Station's accountability for funding received. If you have any questions about this report or need any additional information, contact Natalie Kyriakoudis, Chief Financial Officer by email at natalie.kyriakoudis@kcrw.org.

	2020		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
Assets			
Current assets			
Cash and cash equivalents	$ 5,041,233	$ 7,399,745	$ 12,440,978
Investments	-	38,669,348	38,669,348
Pledge receivable - net	-	1,841,243	1,841,243
Prepaid expense	-	304,440	304,440
Total current assets	5,041,233	48,214,776	53,256,009
Noncurrent assets			
Pledge receivable - net	-	19,200	19,200
Equipment, net	467,074	-	467,074
Total noncurrent assets	467,074	19,200	486,274
Total assets	5,508,307	48,233,976	53,742,283
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	334,962	-	334,962
Liabilities			
Current liabilities			
Accounts payable	20,000	1,922,919	1,942,919
Note payable	-	1,721,400	1,721,400
Total current liabilities	20,000	3,644,319	3,664,319
Noncurrent liabilities			
Accrued vacation	422,887	-	422,887
Net pension liability	1,495,502	-	1,495,502
Total noncurrent liabilities	1,918,389	-	1,918,389
Total liabilities	1,938,389	3,644,319	5,582,708
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	82,402	-	82,402
Net Position			
Invested in capital assets	467,074	-	467,074
Restricted for			
Capital campaign	-	7,102,964	7,102,964
Programs	-	392,626	392,626
Time restricted	-	792,612	792,612
Unrestricted	3,355,404	36,301,455	39,656,859
Total net position	$ 3,822,478	$ 44,589,657	$ 48,412,135

	2019		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
Assets			
Current assets			
Cash and cash equivalents	$ 5,111,927	$ 2,973,168	$ 8,085,095
Investments	-	37,147,455	37,147,455
Due from Santa Monica Community College District	1,230,546	-	1,230,546
Pledge receivable - net	-	5,900,435	5,900,435
Prepaid expense	-	152,656	152,656
Total current assets	6,342,473	46,173,714	52,516,187
Noncurrent assets			
Pledge receivable - net	-	488,415	488,415
Equipment, net	555,730	-	555,730
Total noncurrent assets	555,730	488,415	1,044,145
Total assets	6,898,203	46,662,129	53,560,332
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	400,772	-	400,772
Liabilities			
Current liabilities			
Accounts payable	-	3,003,295	3,003,295
Noncurrent liabilities			
Accrued vacation	353,852	-	353,852
Unearned revenue	-	-	-
Net pension liability	1,493,606	-	1,493,606
Total noncurrent liabilities	1,847,458	-	1,847,458
Total liabilities	1,847,458	3,003,295	4,850,753
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	26,439	-	26,439
Net Position			
Invested in capital assets	555,730	-	555,730
Restricted for			
Capital campaign	-	7,524,276	7,524,276
Programs	-	130,472	130,472
Time restricted	-	2,428,780	2,428,780
Unrestricted	4,869,348	33,575,306	38,444,654
Total net position	$ 5,425,078	$ 43,658,834	$ 49,083,912

KCRW-FM Radio
Santa Monica Community College District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30,

	2020			
	KCRW-FM	KCRW Foundation, Inc.	Eliminations	Total (Memorandum Only)
Revenues				
Operating revenues				
Subscription and membership income	$ -	$ 6,430,835	$ -	$ 6,430,835
Contributions	-	13,602,630	-	13,602,630
Contributed goods and services	-	900,003	-	900,003
Grants from corporation for Public Broadcasting	1,407,923	-	-	1,407,923
Contributed administrative support from Santa Monica Community College District	139,855	2,406,495	-	2,546,350
Contributed support from KCRW Foundation, inc.	2,062,781	-	(2,062,781)	-
Other grants	52,676	-	-	52,676
Other operating income	-	81,798	-	81,798
Total operating revenues	3,663,235	23,421,761	(2,062,781)	25,022,215
Expenses				
Operating expenses				
Programming and production	5,265,835	9,493,236	(2,062,781)	12,696,290
Broadcasting and engineering	-	1,675,448	-	1,675,448
Program information and promotion	-	5,031,447	-	5,031,447
Management and general	-	3,108,407	-	3,108,407
Fundraising and membership development	-	4,675,445	-	4,675,445
Total operating expenses	5,265,835	23,983,983	(2,062,781)	27,187,037
Operating loss	(1,602,600)	(562,222)	-	(2,164,822)
Nonoperating Revenues				
Investment gain, net	-	1,493,045	-	1,493,045
Change in Net Position	(1,602,600)	930,823	-	(671,777)
Net Position - Beginning of Year	5,425,078	43,658,834	-	49,083,912
Net Position - End of Year	$ 3,822,478	$ 44,589,657	$ -	$ 48,412,135

KCRW-FM Radio
Santa Monica Community College District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30,

	2019			
	KCRW-FM	KCRW Foundation, Inc.	Eliminations	Total (Memorandum Only)
Revenues				
Operating revenues				
Subscription and membership income	$ -	$ 6,006,788	$ -	$ 6,006,788
Contributions	-	14,506,377	-	14,506,377
Contributed goods and services	-	3,305,113	-	3,305,113
Grants from corporation for Public Broadcasting	1,452,363	-	-	1,452,363
Contributed administrative support from Santa Monica Community College District	91,411	1,570,680	-	1,662,091
Contributed support from KCRW foundation, inc.	1,660,553	-	(1,660,553)	-
Other grants	86,548	-	-	86,548
Other operating income	71,883	10,126	-	82,009
Total operating revenues	3,362,758	25,399,084	(1,660,553)	27,101,289
Expenses				
Operating expenses				
Programming and production	3,448,594	9,644,008	(1,660,553)	11,432,049
Broadcasting and engineering	-	4,629,566	-	4,629,566
Program information and promotion	-	5,980,225	-	5,980,225
Management and general	-	2,416,633	-	2,416,633
Fundraising and membership development	-	4,872,001	-	4,872,001
Total operating expenses	3,448,594	27,542,433	(1,660,553)	29,330,474
Operating loss	(85,836)	(2,143,349)	-	(2,229,185)
Nonoperating Revenues				
Investment gain, net	-	1,698,905	-	1,698,905
Capital campaign contributions	-	25,000	-	25,000
Total nonoperating revenues	-	1,723,905	-	1,723,905
Change in Net Position	(85,836)	(419,444)	-	(505,280)
Net Position - Beginning of Year	5,510,914	44,078,278	-	49,589,192
Net Position - End of Year	$ 5,425,078	$ 43,658,834	$ -	$ 49,083,912

KCRW-FM Radio
Santa Monica Community College District
Consolidated Statements of Cash Flows
Year Ended June 30,

	2020		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
Cash Flows from Operating Activities			
Subscription and membership income	$ -	$ 6,430,835	$ 6,430,835
Contributions	-	18,131,037	18,131,037
Grants from Corporation for Public Broadcasting	1,407,923	-	1,407,923
Grants from Federal sources	-	70,000	70,000
Other grants	52,676	-	52,676
Other operating income	-	81,798	81,798
Payments for operating expenses	(1,411,199)	(21,075,632)	(22,486,831)
Net cash provided by operating activities	49,400	3,638,038	3,687,438
Cash Flows from Investing Activities			
Interest and dividends reinvested	-	(938,405)	(938,405)
Proceeds from sale of investments	-	4,214,481	4,214,481
Purchases of investments	-	(4,208,937)	(4,208,937)
Net cash used by investing activities	-	(932,861)	(932,861)
Cash Flows from Capital and Related Financing Activities			
Acquisition of fixed assets	(120,094)	-	(120,094)
Proceeds from note payable	-	1,721,400	1,721,400
Net cash provided (used) by captial and related financing activities	(120,094)	1,721,400	1,601,306
Net increase (decrease) in cash and cash equivalents	(70,694)	4,426,577	4,355,883
Cash and cash equivalents - Beginning of the Year	5,111,927	2,973,168	8,085,095
Cash and cash equivalents - End of the Year	$ 5,041,233	$ 7,399,745	$ 12,440,978
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	$ (1,602,600)	$ (562,222)	$ (2,164,822)
Bad debt expense	-	126,875	126,875
Depreciation expense	208,750	-	208,750
Adjustments to reconcile excess of support and revenue over expenses and interfund transfers to net cash provided by operating activities			
Changes in operating assets and liabilities			
Investments	-	904,013	904,013
Prepaid expenses	-	(151,784)	(151,784)
Pledges receivable	-	4,401,532	4,401,532
Due from Santa Monica Community College District	1,230,546	-	1,230,546
Deferred outflows related to pensions	65,810	-	65,810
Accounts payable	20,000	(1,080,376)	(1,060,376)
Accrued vacation	69,035	-	69,035
Net pension liability	1,896	-	1,896
Deferred inflows related to pensions	55,963	-	55,963
Net cash provided by operating activities	$ 49,400	$ 3,638,038	$ 3,687,438

	2019		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
Cash Flows from Operating Activities			
Subscription and membership income	$ -	$ 6,006,788	$ 6,006,788
Contributions	-	15,487,528	15,487,528
Grants from Corporation for Public Broadcasting	1,452,363	-	1,452,363
Grants from Federal sources	-	75,000	75,000
Other grants	86,548	-	86,548
Other operating income	71,883	10,126	82,009
Payments for operating expenses	(1,610,794)	(22,726,213)	(24,337,007)
Net cash used by operating activities	-	(1,146,771)	(1,146,771)
Cash Flows from Investing Activities			
Interest and dividends reinvested	-	(762,698)	(762,698)
Proceeds from sale of investments	-	7,093,193	7,093,193
Purchases of investments	-	(13,055,188)	(13,055,188)
Net cash used by investing activities	-	(6,724,693)	(6,724,693)
Cash Flows from Capital and Related Financing Activities			
Capital campaign contributions	-	25,000	25,000
Net decrease in cash and cash equivalents	-	(7,846,464)	(7,846,464)
Cash and cash equivalents - Beginning of the Year	5,111,927	10,819,632	15,931,559
Cash and cash equivalents - End of the Year	$ 5,111,927	$ 2,973,168	$ 8,085,095
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	$ (85,836)	$ (2,143,349)	$ (2,229,185)
Bad debt expense	-	19,241	19,241
Depreciation expense	90,668	-	90,668
Adjustments to reconcile excess of support and revenue over expenses and interfund transfers to net cash used by operating activities			
Changes in operating assets and liabilities			
Prepaid expenses	-	92,073	92,073
Pledges receivable	-	981,151	981,151
Net pension liability	18,172	-	18,172
Deferred outflows related to pensions	58,533	-	58,533
Deferred inflows related to pensions	(6,841)	-	(6,841)
Due from Santa Monica Community College District	(91,411)	-	(91,411)
Accrued vacation	16,715	-	16,715
Accounts payable	-	(95,857)	(95,857)
Net cash used by operating activities	$ -	$ (1,146,741)	$ (1,146,741)

Note 1 - Summary of Significant Accounting Policies

Organization

KCRW-FM Radio (the Station or KCRW) is owned and operated by the Santa Monica Community College District (the District) located in Santa Monica, California. As such, the District exercises oversight responsibility over the Station. This includes the designation of its management, the District's ability to influence Station operations, financial interdependency and accountability for the Station's fiscal matters. Accordingly, the Station's KCRW-FM accounts are also included in the District's financial statements. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America

Method of Accounting

Financial Reporting Entity

The Station considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39*, Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61*, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

The basic, but not the only, criterion for including another organization in the Station's reporting entity for financial reports is the ability of the Station's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present, and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the Station's power and includes but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the Station, including ongoing financial support of the Station or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax exempt organization should be reported as a component unit of the District if all of the following criteria are met.

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the Station, its component units, or its constituents.

2. The Station, or its component units, are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the Station, or its component units, is entitled to, or has the ability to otherwise access, are significant to the Station.

The accompanying consolidated financial statements include the accounts of the Station and the KCRW Foundation, Inc. (the Foundation). The Foundation is a nonprofit organization exempt from Federal and State income taxes as described in Section 501(c)(3) of the Internal Revenue Code and was organized to promote and provide financial support for the District's radio station, KCRW-FM (89.9 FM). Its support comes primarily from corporate underwriting and donor contributions. The Foundation is a legally separate entity, maintains a separate Board of Directors and its activities are not governed or controlled by the Station. The Foundation issues separate financial statements which may be obtained from the Station. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Based solely on the application of the criteria listed above, the Foundation would not be considered a reporting entity, however, the Foundation's accounts are discretely presented in the accompanying consolidated financial statements in order to present meaningful financial statements that fully and fairly disclose the financial position and results of operations of the Station. Exclusion of the Foundation from the reporting entity would render the financial statements incomplete, primarily due to its close affiliation to the Station. The Foundation's accounts are discretely presented to allow the financial statement users to distinguish between the Station and the Foundation.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB, including Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis - for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis of Public College and Universities*, issued in June and November 1999. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, consolidated perspective of the Station's financial activities.

Basis of Accounting

For financial reporting purposes, KCRW-FM is considered a special-purpose government engaged in business-type activities. Accordingly, the Station's consolidated financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated including expenses incurred by KCRW-FM but paid by the Foundation.

For internal accounting purposes, KCRW-FM maintains its records on the accrual basis of accounting in accordance with generally accepted accounting principles. The accounting policies of the Station also conform to the requirements of "Principles of Accounting and Financial Reporting for Public Telecommunications Entities" issued by the Corporation for Public Broadcasting.

Internally, the accounts of KCRW-FM are reported in two self-balancing funds as follows:

Operating Fund - includes all activity with respect to KCRW-FM's general operations.

Property Fund - includes all resources invested in KCRW-FM's facilities, studios and equipment.

Cash and Cash Equivalents

The KCRW-FM's available cash is deposited with the District's Auxiliary Fund. This Fund pools the cash deposits from several District programs. The Foundation cash and cash equivalents consist of cash and highly liquid investments with original maturities of less than three months.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements**.** The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the Station will be paid by employee contributions and by the Station.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the consolidated financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. liability for this benefit is reported on the consolidated financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Equipment

Purchased equipment and facility improvements are recorded at cost or, if donated, at acquisition value at date of donation. As of June 30, 2020 and 2019, the Station had $467,074 and $555,730, respectively, invested in net capital assets, primarily related to Station operations. Total capital assets consist of data processing equipment and broadcasting equipment.

Subscription and Membership Income

Subscription and membership income is recorded and recognized when received.

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 revenues, expenses and changes in net position and detailed in the schedules of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Advertising and Promotion

The Station expenses advertising and promotion costs as incurred. For the year ending June 30, 2020 advertising and promotion expense totaled $2,192,821. Advertising and promotion expense for the year ending June 30, 2019 totaled $3,234,034.

Contributed Goods and Services

The Station receives contributed goods and services, including program services, professional services and equipment. Such contributions are recorded as revenue and expense in the period received at fair market value. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In the case of contributed equipment, an asset is recorded based on acquisition value at date of contribution. For the year ended June 30, 2020 and 2019, the Station recognized in-kind contribution revenue, primarily of advertising and promotion services, of $900,003 and $3,305,113, respectively, which have been recorded in the accompanying consolidated financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Station or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Station first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Classification of Revenues

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as subscription and most local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as investment income, that are defined as nonoperating revenues.

Total (Memorandum Only)

The total columns on the accompanying consolidated financial statements are captioned (memorandum only) to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation as intercompany eliminations have not been made. Therefore, amounts in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles.

Note 2 - Contributions and Pledges Receivable

As of June 30, 2020, the total contributions and pledges receivable were $1,860,443. The amount is expected to be received within one year is $1,841,243 with the remaining $19,200 due between one to five years. The allowance for doubtful accounts was $126,868. As of June 30, 2019, the total contributions and pledges receivable were $6,388,850 of which $5,900,435 was expected to be received within one year with the remaining $488,415 due between one to five years.

Contributions and pledges receivable at June 30, 2020 and 2019 include in-kind contributions of advertising and promotion services to be collected in future years of $55,567 and $1,177,640, respectively.

Note 3 - Investments (KCRW Foundation)

The Foundation has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2020 and 2019, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	2020 Fair Value Measurements Using		
	Year Ended June 30, 2020	Level 1	Level 2
Mutual Funds			
Equity	$ 15,755,357	$ 15,755,357	$ -
Fixed income	16,627,158	16,627,158	-
Cash and Cash Equivalents	50,267	50,267	-
US Treasury Notes	6,236,566	-	6,236,566
Total Investments	$ 38,669,348	$ 32,432,782	$ 6,236,566

	2019 Fair Value Measurements Using		
	Year Ended June 30, 2020	Level 1	Level 2
Mutual Funds			
Equity	$ 15,642,176	$ 15,642,176	$ -
Fixed income	15,381,581	15,381,581	-
Cash and Cash Equivalents	41,661	41,661	-
US Treasury Notes	6,082,037	-	6,082,037
Total Investments	$ 37,147,455	$ 31,065,418	$ 6,082,037

The fair value of mutual funds within Level 1 was obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of corporate bonds within Level 2 was determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and considering the credit-worthiness of the issuer.

The fair value of US treasury notes within Level 2 was obtained based on market prices for identical or similar instruments traded in over-the counter markets at the closing of the last business day of the fiscal year.

Investment gain consists of the following:

	2020	2019
Interest and Dividends	$ 939,017	$ 748,441
Net Realized and Unrealized Gains on Investments	554,028	950,464
Total	$ 1,493,045	$ 1,698,905

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. *Government Code* Sections 16430 and 53601 allow governmental entities to invest surplus moneys in certain eligible securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The Foundation places no limit on the amount that may be invested in any one issuer. In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures,* requirements, the Foundation is exposed to concentration of credit risk whenever investments in any one issuer exceeds five percent. Currently the Foundation has 84 percent invested in mutual funds, 16 percent invested in U.S. Treasury notes, and less than one percent in cash and cash equivalents.

Note 4 - Deposits

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be returned to it. The Station does not have a deposit policy for custodial risk.

KCRW-FM

This is the risk that in the event of a bank failure, the Station's deposits may not be returned to it. The Station does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020 and 2019, the Station had approximately $2.9 million and approximately $4.9 million, respectively, exposed to custodial credit risk by being uninsured and collateral held by pledging bank's trust not in the Station's name.

KCRW Foundation

The Foundation maintains their cash deposits in various financial institutions. Since the Foundation needs to maintain certain amounts of cash available in bank accounts to meet cash flow needs, portions of these deposits are beyond the Federal Deposit Insurance Corporation insurance level, $250,000, at certain times of the year.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the Station will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020 and 2019, the Station's investment balance of approximately $38.7 million and approximately $37.1 million, respectively, was exposed to custodial credit risk due to balances in excess of insured amounts, unregistered and held by the brokerage firm which is also the counterparty for these securities. The Station does not have a policy limiting the amount of securities that can be held by counterparties.

Note 5 - Restrictions and Limitations on Net Position Balances

Net position with donor restrictions - expendable consist of the following:

	2020	2019
Capital Campaign	$ 7,102,964	$ 7,524,276
Time Restricted	792,612	2,428,780
Diversity Fellowship	70,126	101,460
Music Match Campaign	-	29,012
Small Business Coverage	300,000	-
Wasted: Sustainability Series	22,500	-
Total net position with donor restrictions	$ 8,288,202	$ 10,083,528

Note 6 - Employee Retirement Plans

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2020, the Station reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for the above plan as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
KCRW-FM Radio				
CalPERS (Schools Pool Plan)	$ 1,495,502	$ 334,962	$ 82,402	$ 235,469

California Public Employees' Retirement System (CalPERS) - Schools Pool Plan

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. The Station's employees are covered as part of the District.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation reports, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: http://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS - Schools Pool Plan	
	On or Before	On or After
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Station is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total Station contributions were $151,138.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the Station reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,495,502. The net pension liability was measured as of June 30, 2019. The Station's proportion of the net pension liability was based on a projection of the Station's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Station's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0051 percent and 0.0056 percent, respectively, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2020, the Station recognized pension expense of $235,469. At June 30, 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 151,138	$ -
Change in proportion and differences between contributions made and the Station's proportionate share of contributions	4,000	68,531
Differences between projected and actual earnings on the pension plan investments	-	13,871
Differences between expected and actual experience in the measurement of the total pension liability	108,633	-
Changes of assumptions	71,191	-
Total	$ 334,962	$ 82,402

The deferred outflow of resources related to pensions resulting from Station contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 13,693
2022	(27,350)
2023	(4,145)
2024	3,931
Total	$ (13,871)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and Station's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 92,373
2022	21,906
2023	922
2024	92
Total	$ 115,293

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real estate	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the Station's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 2,155,667
Current discount rate (7.15%)	1,495,502
1% increase (8.15%)	947,849

Note 7 - Operating Lease

KCRW-FM

KCRW-FM has numerous lease arrangements for transmitter sites from which they broadcast signals, as well as various equipment leases. Rent expense for the years ended June 30, 2020 and 2019 was $388,632 and $360,660, respectively. Future minimum lease payments under the leases are as follows:

Year Ended June 30,	
2021	$ 345,563
2022	289,227
2023	252,120
2024	122,638
2025	13,455
Total	$ 1,023,003

KCRW Foundation

During the year ended June 30, 2020, the Foundation utilized facilities and equipment owned by the Station at no charge.

Note 8 - Note Payable

On April 15, 2020, KCRW Foundation received a PPP loan in the amount of $1,721,400. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If KCRW Foundation does not apply for forgiveness within 10 months after the last day of the covered period, such payments will be due that month. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was $1,721,400.

In August 2020, KCRW Foundation applied for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. In November 2020, KCRW Foundation received notification that the request for forgiveness has been approved in full.

Note 9 - Subsequent Events

Subsequent to year end, the Station has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Station is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Station's financial position is not known.

Required Supplementary Information
June 30, 2020 and 2019

KCRW-FM Radio
Santa Monica Community College District

KCRW-FM Radio
Santa Monica Community College District
Schedule of the Station's Proportionate Share of the Net Pension Liability – CalPERS – Schools Pool Plan
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
KCRW-FM Radio's portion of the net pension liability	0.0051%	0.0056%	0.0058%	0.0068%	0.0071%	0.0067%
KCRW-FM Radio's proportionate share of the net pension liability	$ 1,495,502	$ 1,493,606	$ 1,475,434	$ 1,339,819	$ 1,041,042	$ 755,482
KCRW-FM Radio's covered payroll reported as of the period fiscal year to align with the measurement date at the net pension liability	$ 732,483	$ 802,176	$ 866,323	$ 838,170	$ 817,050	$ 700,000
KCRW-FM Radio's proportionate share of the net pension liability as a percentage of its covered payroll	204.17%	186.19%	170.31%	159.85%	127.41%	107.93%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

KCRW-FM Radio
Santa Monica Community College District
Schedule of the Station's Contributions – CalPERS – Schools Pool Plan
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 151,138	$ 132,301	$ 124,586	$ 120,315	$ 99,298	$ 96,175
Contributions in relation to the contractually required contribution	151,138	132,301	124,586	120,315	99,298	96,175
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
KCRW FM's covered payroll	$ 766,381	$ 732,483	$ 802,176	$ 866,323	$ 838,170	$ 817,050
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Note 1 - Purpose of Schedule

Schedule of the Station's Proportionate Share of the Net Pension Liability - CalPERS - Schools Pool Plan

The schedule presents information on the Station's proportionate share of the net pension liability, the plan's fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the Station. In the future, as data becomes available, 10 years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* - There were no changes of assumptions since the previous valuation.

Schedule of the Station's Contributions - CalPERS - Schools Pool Plan

The schedule presents information on the Station's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Supplementary Information
June 30, 2020 and 2019

KCRW-FM Radio
Santa Monica Community College District

	Program Services
	Programming and Production
Compensation and related expenses	
Salaries	$ 849,997
Benefits	476,306
Total compensation and related expenses	1,326,303
Depreciation	208,750
Dues and memberships	120,070
Electricity and gas	26,137
Equipment	194,370
Legal	2,704
Insurance	7,270
Indirect administrative support	139,865
Other contract services	1,341,929
Program acquisition	1,440,488
Rent expense	388,632
Repairs and maintenance	2,704
Supplies	25,627
Utilities	40,986
Total expenses	$ 5,265,835

	Program Services
	Programming and Production
Compensation and Related Expenses	
Salaries	$ 760,295
Benefits	444,487
Total compensation and related expenses	1,204,782
Depreciation	90,668
Dues and memberships	18,860
Electricity and gas	26,704
Equipment	12,641
Insurance	6,860
Miscellaneous	6,237
Other contract services	8,092
Program acquisition	1,573,084
Rent expense	360,660
Repairs and maintenance	5,280
Supplies	22,858
Telephone	111,868
Total expenses	$ 3,448,594

Schedules of Functional Expenses – KCRW Foundation, Inc.

Year Ended June 30, 2020

	Program Services				Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Total	Total Expenses
Compensation and Related Expenses								
Salaries	$ 5,534,103	$ 562,709	$ 1,763,568	$ 7,860,380	$ 1,514,195	$ 672,712	$ 2,186,907	$ 10,047,287
Payroll taxes	429,561	21,036	137,325	587,922	109,696	57,622	167,318	755,240
Benefits and taxes	535,934	79,165	141,077	756,176	222,578	57,895	280,473	1,036,649
Total compensation and related expenses	6,499,598	662,910	2,041,970	9,204,478	1,846,469	788,229	2,634,698	11,839,176
Professional fees	544,276	50,275	434,252	1,028,803	680,284	2,218,622	2,898,906	3,927,709
Donated support from Santa Monica Community College District	1,368,817	84,912	537,798	1,991,527	242,410	172,558	414,968	2,406,495
Advertising and promotion	6,052	-	1,496,531	1,502,583	5,578	684,660	690,238	2,192,821
Consultants	639,613	-	21,350	660,963	360	1,550	1,910	662,873
Occupancy	33,489	469,143	300	502,932	3,999	-	3,999	506,931
Telephone and data	23,896	163,219	281,901	469,016	6,597	18,504	25,101	494,117
Dues and subscriptions	45,007	11,425	138,058	194,490	44,196	154,518	198,714	393,204
Credit card and bank fees	55	-	-	55	-	370,542	370,542	370,597
Postage	530	1,199	55,181	56,910	9,168	219,831	228,999	285,909
Equipment purchases, rental and maintenance	42,523	213,104	831	256,458	21,799	372	22,171	278,629
Community events	225,446	-	-	225,446	-	-	-	225,446
Bad debt	-	-	-	-	126,875	-	126,875	126,875
Conference and travel	32,562	11,557	9,015	53,134	15,776	21,334	37,110	90,244
Office expense	7,637	434	905	8,976	37,796	1,611	39,407	48,383
Insurance	-	7,270	982	8,252	36,767	-	36,767	45,019
Printing	2,621	-	7,741	10,362	7,065	19,580	26,645	37,007
Staff development	955	-	4,481	5,436	17,268	1,060	18,328	23,764
Gifts and awards	17,031	-	151	17,182	1,658	2,474	4,132	21,314
Taxes and licenses	3,128	-	-	3,128	4,342	-	4,342	7,470
Total expenses	$ 9,493,236	$ 1,675,448	$ 5,031,447	$ 16,200,131	$ 3,108,407	$ 4,675,445	$ 7,783,852	$ 23,983,983

See Note to Supplementary Information

KCRW-FM Radio
Santa Monica Community College District
Schedules of Functional Expenses – KCRW Foundation, Inc.
Year Ended June 30, 2019

	Program Services				Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Total	Total Expenses
Compensation and Related Expenses								
Salaries	$ 5,049,230	$ 392,255	$ 1,676,834	$ 7,118,319	$ 1,374,956	$ 741,994	$ 2,116,950	$ 9,235,269
Payroll taxes	353,330	14,576	128,515	496,421	83,414	51,506	134,920	631,341
Benefits and taxes	470,178	65,876	114,412	650,466	206,687	49,720	256,407	906,873
Total compensation and related expenses	5,872,738	472,707	1,919,761	8,265,206	1,665,057	843,220	2,508,277	10,773,483
Professional fees	528,825	157,032	713,752	1,399,609	347,868	2,313,855	2,661,723	4,061,332
Equipment purchases, rental and maintenance	66,366	3,249,798	1,501	3,317,665	8,071	119	8,190	3,325,855
Advertising and promotion	5,685	-	2,473,562	2,479,247	3,740	751,047	754,787	3,234,034
Donated support from Santa Monica Community College District	890,679	48,092	367,218	1,305,989	159,355	105,336	264,691	1,570,680
Consultants	1,411,286	-	5,440	1,416,726	-	2,700	2,700	1,419,426
Telephone and data	23,181	278,242	302,169	603,592	7,213	29,741	36,954	640,546
Community events	622,506	-	-	622,506	-	-	-	622,506
Occupancy	54,644	390,217	300	445,161	-	-	-	445,161
Credit card and bank fees	20	40	-	60	12,830	383,936	396,766	396,826
Dues and subscriptions	41,489	7,568	141,451	190,508	49,556	162,500	212,056	402,564
Postage	495	1,148	33,761	35,404	14,673	225,993	240,666	276,070
Conference and travel	97,446	12,721	10,213	120,380	19,232	39,141	58,373	178,753
Office expense	4,966	444	817	6,227	43,064	5,582	48,646	54,873
Gifts and awards	18,719	-	-	18,719	24,008	3,257	27,265	45,984
Insurance	682	6,860	82	7,624	30,060	-	30,060	37,684
Bad debt	-	-	-	-	19,241	-	19,241	19,241
Staff development	2,753	-	4,950	7,703	5,820	1,839	7,659	15,362
Printing	376	-	5,248	5,624	2,054	3,735	5,789	11,413
Taxes and licenses	1,152	4,697	-	5,849	4,791	-	4,791	10,640
Total expenses	$ 9,644,008	$ 4,629,566	$ 5,980,225	$ 20,253,799	$ 2,416,633	$ 4,872,001	$ 7,288,634	$ 27,542,433

See Note to Supplementary Information

Note 1 - Purpose of Supplementary Schedules

Schedule of Functional Expenses – KCRW-FM and KCRW Foundation Inc.

These schedules presents information on the Station's costs of providing various programs and supporting activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Independent Auditor's Reports
June 30, 2020 and 2019

KCRW-FM Radio
Santa Monica Community College District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
Santa Monica Community College District and
KCRW-FM Radio
Santa Monica, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the business-type activities of KCRW-FM Radio (the Station or KCRW), a public telecommunications operation of the Santa Monica Community College District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements and have issued our report thereon dated February 11, 2021.

Emphasis of Matter
As discussed in Note 1, the financial statements of the Station are intended to present the financial position and the changes in financial position attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the Santa Monica Community College District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

What inspires you, inspires us. | eidebailly.com

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
February 11, 2021

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.