

KCRW-FM RADIO
(A Public Telecommunications Operation
of the Santa Monica Community College District)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

KCRW-FM RADIO
(A Public Telecommunications Operation
of the Santa Monica Community College District)

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To 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 KCRW-FM Radio (the Station or KCRW), a public telecommunications operation of the Santa Monica Community College District (the District), which comprise the consolidated statements of net position as of June 30, 2018 and 2017, and the related consolidated statements of activities 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 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 consolidated 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 \$47,906,630 and \$48,061,661 as of June 30, 2018 and 2017, respectively, and total revenues of \$25,565,432 and \$27,836,890, 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 audits to obtain reasonable assurance about whether the financial statements are free to 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.

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

Opinion

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 financial position of the Station as of June 30, 2018 and 2017, and the changes in their net position and their cash flows 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 present only KCRW-PM Radio (KCRW), and are not intended to present fairly the financial position and changes in financial position of the District in accordance 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, Schedule of the Station's Proportionate Share of the Net Pension Liability, and Schedule of the Station's Contributions 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 an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this 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 the Station's internal control over financial reporting and compliance.

Vauineh, Tunc, Day & Co., LLP.

Rancho Cucamonga, California
February 12, 2019

KCRW-FM RADIO
(A Public Telecommunications Operation
of the Santa Monica Community College District)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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, 2018. 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 540,000 listeners each week with an eclectic schedule of music, news, information, and cultural programming. As a member-supported, non-commercial station, its 45,000 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.

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KCRW's award-winning programs provide an array of broadcasting and digital content and reach millions of listeners around the world through syndicated distribution on 175 public media outlets. KCRW's weekly schedule offers original content and features live performances and in-depth interviews with established and emerging talent from music, literary, culinary, film, entertainment, theater, and design industries. KCRW also invests in new broadcast and digital programs that explore storytelling, design, music commentary, and experimental radio programming. KCRW is celebrated for its live programming and partners with local organizations to offer over 100 live music and culture events attended by over 200,000 people across Southern California.

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 Highlights in 2018

- Created new original podcasts, documentaries, and special reporting series, including (1) "Lost Notes," an eight part storytelling music series of the greatest music stories never truly told; (2) "Welcome to LA," a podcast series of hidden stories highlighting the mystery and the magic of the ever-aspirational Hollywood Dream; (3) "Don't @ Me," hosted by Justin Simien (writer and director of Dear White People), this new weekly podcast explores how race, gender, and sexuality impacts our lives and shapes our work; (4) "Bridges and Walls," launched by our Design and Architecture Show, this eight-part series explores the ambitious infrastructure projects undertaken, exploring the human and environmental impacts of connection and division in California; (5) "To the Point," veteran KCRW journalist Warren Olney launched the podcast version of his show to audiences, bringing insight and thoughtful analysis of the news and issues facing the nation; (6) "The 805," launched a weekly radio show in Santa Barbara facing the issues of the community hosted by KCRW's Jonathan Bastian.
- Partnered with community-based organizations such as the Hammer Museum, California African American Museum, and the Hollywood Bowl, to produce new seasons of "Summer Nights" and "World Festival" concerts. Events attended by over 200,000 people across Southern California, Santa Barbara, and the Central Coast.
- Continued educational opportunities, including a Summer Marketing Internship Program that engages 100 interns from colleges around the country.
- Expanded field-building and professional development opportunities for media producers, including Independent Producer Project workshops and the 5th Annual 24-Hour Radio Race, wherein more than 400 people from seven countries participated to make over 130 short radio stories in a single day.
- Hosted new live public forums in Los Angeles and Santa Barbara around homelessness, gentrification, aging senior populations, and immigration.

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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 Center for Media and Design (CMD) campus. With over three times the Station's current studio space and digitally integrated public program space, the KCRW Media Center will serve as both a multi-purpose venue and state-of-the-art broadcast studio.

In 2013, the 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, 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.

During the year ended June 30, 2018, the Station achieved the following outcomes:

1. Continued development of the 35,000-square-foot, state-of-the-art KCRW Media Center. Forty-two members of KCRW's non-broadcast staff moved into the new facility in April 2018. Implementation of the technical networks needed to transform the facility into a broadcast facility continues. Full staff transition is scheduled for first quarter 2019.
2. On December 5, 2017, the Foundation partnered with Santa Monica College to host an official Grand Opening Event for the donors to the Campaign plus members of the community. Over 3,000 people attended the all-day event and open hours, featuring KCRW Talent, tours of the new Center for Media and Design Campus and KCRW's new headquarters.
3. Deepened investments in award-winning investigative, documentary, and enterprise journalism projects, transforming our sound and method of reporting on underrepresented communities to more accurately reflect and serve the public.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of net position presents the assets, liabilities 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 total liabilities (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.

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The statement of net position for the fiscal year ended June 30, 2018 and 2017 is summarized below:

	<u>2018</u>	<u>2017</u>	<u>Difference</u>
Assets			
Current assets	\$ 52,355,677	\$ 52,918,973	\$ (563,296)
Noncurrent assets	2,448,413	1,435,398	1,013,015
Total Assets	<u>54,804,090</u>	<u>54,354,371</u>	<u>449,719</u>
 Deferred Outflows of Resources	 <u>459,305</u>	 <u>394,547</u>	 <u>64,758</u>
 Liabilities			
Current liabilities	3,828,352	1,920,012	1,908,340
Noncurrent liabilities	1,812,571	1,797,091	15,480
Total Liabilities	<u>5,640,923</u>	<u>3,717,103</u>	<u>1,923,820</u>
 Deferred Inflows of Resources	 <u>33,280</u>	 <u>77,772</u>	 <u>(44,492)</u>
 Net Position			
Invested in capital assets	646,398	145,383	501,015
Restricted	15,786,794	20,253,375	(4,466,581)
Unrestricted	33,156,000	30,555,285	2,600,715
Total Net Position	<u>\$ 49,589,192</u>	<u>\$ 50,954,043</u>	<u>\$ (1,364,851)</u>

- Current assets are mainly cash, investments and pledges receivable. The decrease from June 30, 2017 is primarily due to a decrease in pledges receivable.
- Capital assets increased due to donation of equipment received by KCRW-FM.
- Deferred outflows of resources increased primarily due to increased District contributions and a positive difference between the projected and actual investment earnings of the State pension program.
- Current liabilities consist of accounts payable. The increase from June 30, 2017 is primarily due to costs related to the construction and equipping of the KCRW Media Center, as well as, reimbursements of expenses incurred by the District on behalf of the Station.
- Net pension liability increased mainly due to an increase in the net pension liability at the State level.

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FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The statement of revenues, expenses, and changes in net position for the fiscal year ended June 30, 2018 and 2017 is summarized below:

	2018	2017	Difference
Operating Activity			
Operating Revenues			
Subscription and membership income	\$ 7,350,061	\$ 6,817,998	\$ 532,063
Contributions and special events	11,766,775	12,772,152	(1,005,377)
Contributed goods and services	3,186,594	2,777,347	409,247
Contributed administrative support	1,578,131	1,413,286	164,845
Grants	1,623,164	1,525,131	98,033
Other operating income	20,211	33,001	(12,790)
Total Operating Revenues	25,524,936	25,338,915	186,021
Total Operating Expenses	28,657,182	24,874,319	3,782,863
Net Operating Income (Loss)	(3,132,246)	464,596	(3,596,842)
Non-Operating Revenues			
Investment gain	1,255,335	1,655,668	(400,333)
Capital campaign contributions	512,060	2,480,501	(1,968,441)
Total Non-Operating Revenues	1,767,395	4,136,169	(2,368,774)
Change in Net Position	(1,364,851)	4,600,765	(5,965,616)
Net Position, Beginning of Year	50,954,043	46,353,278	4,600,765
Net Position, End of Year	\$ 49,589,192	\$ 50,954,043	\$ (1,364,851)

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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- Total Operating Revenue has increased in the current year primarily due to an increase in subscriptions and membership income and contributed goods and services, offset by decreases in capital campaign contributions.
- 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.
- Contributed administrative support is from the District (the licensee). "Institutional stations" can claim indirect 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 indirect administrative support from the licensee.
- Total operating expenses are primarily for programming and broadcasting, fundraising and membership development expenses for both the Station and the Foundation. There was a slight increase in operating expenses in the current year due primarily to an increase in programming and production expenses as well as an increase in fundraising and membership development expenses.
- Nonoperating revenues (expenses) consist of capital campaign contributions and investment return on the Foundation investments.

CAPITAL ASSETS

As of June 30, 2018, the Station had \$646,398 invested in net capital assets, primarily related to Station operations. Total capital assets consist of data processing equipment and broadcasting equipment.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 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. The third part provides information from investing activities and the amount of investment earnings received.

The statement of cash flows for the fiscal years ended June 30, 2018 and 2017 is summarized below:

	<u>2018</u>	<u>2017</u>	<u>Difference</u>
Cash Provided By (Used By):			
Operating activities	\$ 1,943,528	\$ 1,417,171	\$ 526,357
Investing activities	(809,560)	(4,205,012)	3,395,452
Capital and related financing activities	<u>(79,623)</u>	<u>905,882</u>	<u>(985,505)</u>
Net Change in Cash	1,054,345	(1,881,959)	2,936,304
Cash Balance, Beginning of Year	<u>14,877,214</u>	<u>16,759,173</u>	<u>(1,881,959)</u>
Cash Balance, End of Year	<u>\$ 15,931,559</u>	<u>\$ 14,877,214</u>	<u>\$ 1,054,345</u>

- Cash receipts from operating activities are primarily from subscription and membership income and contributions. Cash paid for operating activities is for the purchase of goods and supplies, and employee wages and benefits.
- Cash from capital and related financing activities consists primarily of capital campaign contributions to be used for the purchase of capital assets.
- Cash from investing activities includes investment activity on amounts held by the Foundation.

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ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

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.

The Station is not aware of any currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

The Station's overall financial position is strong. The Station anticipates that the 2018-2019 fiscal year will see continued slow growth in net position as the Station continues expanding services and focuses on normal operational activities.

KCRW largest challenge is the same for all media companies today - how to stay relevant in the digital age and find sources of revenue in an increasingly competitive landscape.

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CONSOLIDATED STATEMENTS OF NET POSITION
JUNE 30,

	2018		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,111,927	\$ 10,819,632	\$ 15,931,559
Investments	-	29,472,298	29,472,298
Due from Santa Monica Community College District	1,139,135	-	1,139,135
Pledge receivable - current	-	5,567,986	5,567,986
Prepaid expense	-	244,699	244,699
Total Current Assets	<u>6,251,062</u>	<u>46,104,615</u>	<u>52,355,677</u>
Noncurrent Assets			
Pledge receivable - noncurrent	-	1,802,015	1,802,015
Equipment, net	646,398	-	646,398
Total Noncurrent Assets	<u>646,398</u>	<u>1,802,015</u>	<u>2,448,413</u>
Total Assets	<u>6,897,460</u>	<u>47,906,630</u>	<u>54,804,090</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	459,305	-	459,305
LIABILITIES			
Current Liabilities			
Accounts payable	-	3,828,352	3,828,352
Noncurrent Liabilities			
Accrued vacation	337,137	-	337,137
Net pension liability	1,475,434	-	1,475,434
Total Noncurrent Liabilities	<u>1,812,571</u>	<u>-</u>	<u>1,812,571</u>
Total Liabilities	<u>1,812,571</u>	<u>3,828,352</u>	<u>5,640,923</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	33,280	-	33,280
NET POSITION			
Invested in capital assets	646,398	-	646,398
Restricted for:			
Capital campaign	-	13,959,299	13,959,299
Programs	-	76,412	76,412
Time restricted	-	1,751,083	1,751,083
Unrestricted	4,864,516	28,291,484	33,156,000
Total Net Position	<u>\$ 5,510,914</u>	<u>\$ 44,078,278</u>	<u>\$ 49,589,192</u>

See the accompanying notes to the financial statements.

KCRW-FM RADIO
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CONSOLIDATED STATEMENTS OF NET POSITION
JUNE 30,

	2017		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,111,927	\$ 9,765,287	\$ 14,877,214
Investments	-	28,244,987	28,244,987
Due from Santa Monica Community College District	1,035,400	-	1,035,400
Pledge receivable - current	-	8,378,735	8,378,735
Prepaid expense	-	382,637	382,637
Total Current Assets	<u>6,147,327</u>	<u>46,771,646</u>	<u>52,918,973</u>
Noncurrent Assets			
Pledge receivable - noncurrent	-	1,290,015	1,290,015
Equipment, net	145,383	-	145,383
Total Noncurrent Assets	<u>145,383</u>	<u>1,290,015</u>	<u>1,435,398</u>
Total Assets	<u>6,292,710</u>	<u>48,061,661</u>	<u>54,354,371</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>394,547</u>	<u>-</u>	<u>394,547</u>
LIABILITIES			
Current Liabilities			
Accounts payable	<u>-</u>	<u>1,920,012</u>	<u>1,920,012</u>
Noncurrent Liabilities			
Accrued vacation	457,272	-	457,272
Net pension liability	1,339,819	-	1,339,819
Total Noncurrent Liabilities	<u>1,797,091</u>	<u>-</u>	<u>1,797,091</u>
Total Liabilities	<u>1,797,091</u>	<u>1,920,012</u>	<u>3,717,103</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>77,772</u>	<u>-</u>	<u>77,772</u>
NET POSITION			
Invested in capital assets	145,383	-	145,383
Restricted for:			
Capital campaign	-	17,064,464	17,064,464
Programs	-	55,457	55,457
Time restricted	-	3,133,454	3,133,454
Unrestricted	<u>4,667,011</u>	<u>25,888,274</u>	<u>30,555,285</u>
Total Net Position	<u>\$ 4,812,394</u>	<u>\$ 46,141,649</u>	<u>\$ 50,954,043</u>

See the accompanying notes to the financial statements.

KCRW-FM RADIO
(A Public Telecommunications Operation
of the Santa Monica Community College District)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30,

	2018			
	KCRW			Total
	KCRW-FM	Foundation, Inc.	Eliminations	(Memorandum Only)
REVENUES				
Operating revenues:				
Subscription and membership income	\$ -	\$ 7,350,061	\$ -	\$ 7,350,061
Contributions and special events	-	11,766,775	-	11,766,775
Contributed goods and services	-	3,186,594	-	3,186,594
Grants from Corporation for Public Broadcasting	1,531,499	-	-	1,531,499
Contributed administrative support from Santa Monica Community College District	103,735	1,474,396	-	1,578,131
Contributed support from KCRW Foundation, Inc.	2,614,284	-	(2,614,284)	-
Other grants	91,665	-	-	91,665
Other operating income	-	20,211	-	20,211
Total Operating Revenue	<u>4,341,183</u>	<u>23,798,037</u>	<u>(2,614,284)</u>	<u>25,524,936</u>
EXPENSES				
Operating expenses:				
Programming and production	3,642,663	9,939,375	(2,614,284)	10,967,754
Broadcasting	-	4,490,062	-	4,490,062
Program information	-	5,968,570	-	5,968,570
Management and general	-	2,104,902	-	2,104,902
Fundraising and membership development	-	5,125,894	-	5,125,894
Total Operating Expenses	<u>3,642,663</u>	<u>27,628,803</u>	<u>(2,614,284)</u>	<u>28,657,182</u>
Operating Income (Loss)	<u>698,520</u>	<u>(3,830,766)</u>	<u>-</u>	<u>(3,132,246)</u>
NONOPERATING REVENUES				
Investment gain	-	1,255,335	-	1,255,335
Capital campaign contributions	-	512,060	-	512,060
Net nonoperating revenues	<u>-</u>	<u>1,767,395</u>	<u>-</u>	<u>1,767,395</u>
Change in net position	698,520	(2,063,371)	-	(1,364,851)
Net position - beginning of year	4,812,394	46,141,649	-	50,954,043
Net position - end of year	<u>\$ 5,510,914</u>	<u>\$ 44,078,278</u>	<u>\$ -</u>	<u>\$ 49,589,192</u>

See the accompanying notes to the financial statements.

KCRW-FM RADIO
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CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30,

	2017			
	KCRW-FM	KCRW Foundation, Inc.	Eliminations	Total (Memorandum Only)
REVENUES				
Operating revenues:				
Subscription and membership income	\$ -	\$ 6,817,998	\$ -	\$ 6,817,998
Contributions and special events	-	12,772,152	-	12,772,152
Contributed goods and services	-	2,777,347	-	2,777,347
Grants from Corporation for Public Broadcasting	1,436,136	-	-	1,436,136
Contributed administrative support from Santa Monica Community College District	113,063	1,300,223	-	1,413,286
Contributed support from KCRW Foundation, Inc.	1,650,205	-	(1,650,205)	-
Other grants	88,995	-	-	88,995
Other operating income	-	33,001	-	33,001
Total Operating Revenue	3,288,399	23,700,721	(1,650,205)	25,338,915
EXPENSES				
Operating expenses:				
Programming and production	3,623,558	8,771,236	(1,650,205)	10,744,589
Broadcasting	-	2,416,317	-	2,416,317
Program information	-	4,746,578	-	4,746,578
Management and general	-	1,777,080	-	1,777,080
Fundraising and membership development	-	5,189,755	-	5,189,755
Total Operating Expenses	3,623,558	22,900,966	(1,650,205)	24,874,319
Operating Income (Loss)	(335,159)	799,755	-	464,596
NONOPERATING REVENUES				
Investment gain	-	1,655,668	-	1,655,668
Capital campaign contributions	-	2,480,501	-	2,480,501
Net nonoperating revenues	-	4,136,169	-	4,136,169
Change in net position	(335,159)	4,935,924	-	4,600,765
Net position - beginning of year	5,147,553	41,205,725	-	46,353,278
Net position - end of year	\$ 4,812,394	\$ 46,141,649	\$ -	\$ 50,954,043

See the accompanying notes to the financial statements.

KCRW-FM RADIO
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2018		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
Cash flows from operating activities:			
Subscription and membership income	\$ -	\$ 7,350,061	\$ 7,350,061
Contributions	-	14,828,108	14,828,108
Grants from Corporation for Public Broadcasting	1,531,499	-	1,531,499
Grants from Federal sources	-	75,000	75,000
Other grants	91,665	-	91,665
Other operating income	-	20,211	20,211
Payments for operating expenses	(1,031,481)	(20,921,535)	(21,953,016)
Net cash provided by operating activities	<u>591,683</u>	<u>1,351,845</u>	<u>1,943,528</u>
Cash flows from investing activities:			
Investment earnings	-	(810,859)	(810,859)
Proceeds from sale of investments	-	9,161,459	9,161,459
Purchases of investments	-	(9,160,160)	(9,160,160)
Net cash used by investing activities	<u>-</u>	<u>(809,560)</u>	<u>(809,560)</u>
Cash flows from capital and related financing activities:			
Acquisition of fixed assets	(591,683)	-	(591,683)
Capital campaign contributions	-	512,060	512,060
Net cash provided (used) by capital and related financing activities	<u>(591,683)</u>	<u>512,060</u>	<u>(79,623)</u>
Net increase in cash and cash equivalents	-	1,054,345	1,054,345
Cash - beginning of the year	5,111,927	9,765,287	14,877,214
Cash - end of the year	<u>\$ 5,111,927</u>	<u>\$ 10,819,632</u>	<u>\$ 15,931,559</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 698,520	\$ (3,830,766)	\$ (3,132,246)
Bad debt expense	-	38	38
Depreciation expense	90,668	-	90,668
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:			
Prepaid expenses	-	137,938	137,938
Pledges receivable	-	3,136,295	3,136,295
Net pension liability	135,615	-	135,615
Deferred outflows related to pensions	(64,758)	-	(64,758)
Deferred inflows related to pensions	(44,492)	-	(44,492)
Due from Santa Monica Community College District	(103,735)	-	(103,735)
Accrued vacation	(120,135)	-	(120,135)
Accounts payable	-	1,908,340	1,908,340
Net cash provided by operating activities	<u>\$ 591,683</u>	<u>\$ 1,351,845</u>	<u>\$ 1,943,528</u>

See the accompanying notes to the financial statements.

KCRW-FM RADIO
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2017		
	KCRW-FM	KCRW Foundation, Inc.	Total (Memorandum Only)
Cash flows from operating activities:			
Subscription and membership income	\$ -	\$ 6,817,998	\$ 6,817,998
Contributions	-	10,464,501	10,464,501
Grants from Corporation for Public Broadcasting	1,436,136	-	1,436,136
Grants from Federal sources	-	(39,758)	(39,758)
Other grants	88,995	-	88,995
Other operating income	-	33,001	33,001
Payments for operating expenses	(1,528,708)	(15,854,994)	(17,383,702)
Net cash provided (used) by operating activities	<u>(3,577)</u>	<u>1,420,748</u>	<u>1,417,171</u>
Cash flows from investing activities:			
Investment earnings	-	(705,683)	(705,683)
Proceeds from sale of investments	-	12,777,788	12,777,788
Purchases of investments	-	(16,277,117)	(16,277,117)
Net cash used by investing activities	<u>-</u>	<u>(4,205,012)</u>	<u>(4,205,012)</u>
Cash flows from capital and related financing activities:			
Capital campaign contributions	-	905,882	905,882
Net decrease in cash and cash equivalents	(3,577)	(1,878,382)	(1,881,959)
Cash - beginning of the year	5,115,504	11,643,669	16,759,173
Cash - end of the year	<u>\$ 5,111,927</u>	<u>\$ 9,765,287</u>	<u>\$ 14,877,214</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (335,159)	\$ 799,755	\$ 464,596
Bad debt expense	-	1,575	1,575
Depreciation expense	36,384	-	36,384
Adjustments to reconcile excess of support and revenue over expenses and interfund transfers to net cash provided (used) by operating activities:			
Changes in operating assets and liabilities:			
Prepaid expenses	-	(79,699)	(79,699)
Net pension liability	298,777	-	298,777
Deferred outflows related to pensions	(53,505)	-	(53,505)
Deferred inflows related to pensions	(252,717)	-	(252,717)
Due from Santa Monica Community College District	270,955	-	270,955
Accrued vacation	35,265	-	35,265
Accounts payable	(3,577)	699,117	695,540
Net cash provided (used) by operating activities	<u>\$ (3,577)</u>	<u>\$ 1,420,748</u>	<u>\$ 1,417,171</u>

See the accompanying notes to the financial statements.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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.

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.

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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, entity-wide 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.

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NOTES TO FINANCIAL STATEMENTS
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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.

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 or expenditure 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 new 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.

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 entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

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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 school 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 estimated fair market value at date of donation. As of June 30, 2018 and 2017, the Station had \$646,398 and \$145,383, 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, 2018 advertising and promotion expense totaled \$3,351,217. Advertising and promotion expense for the year ending June 30, 2017 totaled \$2,378,338.

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 the fair market value at date of contribution. For the year ended June 30, 2018 and 2017, the Station recognized in-kind contribution revenue, primarily of advertising and promotion services, of \$3,186,594 and \$2,777,347, respectively, which have been recorded in the accompanying consolidated financial statements.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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

Invested in capital assets, net of related debt: This represents the Station's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet been expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position - expendable: Restricted expendable net position include resources for which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the Station, and may be used at the discretion of the governing board to meet current expenses for any purpose.

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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

As of June 30, 2018, the total contributions and pledges receivable were \$7,370,001. The amount is expected to be received within one year is \$5,567,986 with the remaining \$1,802,015 due between one to five years. As of June 30, 2017, the total contributions and pledges receivable were \$9,668,750 of which \$8,378,735 was expected to be received within one year with the remaining \$1,290,015 due between one to five years.

Contributions and pledges receivable at June 30, 2018 and 2017 include in-kind contributions of advertising and promotion services to be collected in future years of \$964,102 and \$991,754, 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.

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The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2018 and 2017, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	2018		
	Fair Value Measurements Using		
	Year Ended June 30, 2018	Level 1	Level 2
Mutual Funds:			
Equity	\$ 11,800,460	\$ 11,800,460	\$ -
Fixed income	10,611,877	10,611,877	-
Cash and Cash Equivalents	5,212,667	5,212,667	-
Corporate Bonds	1,847,294	-	1,847,294
Total Investments	<u>\$ 29,472,298</u>	<u>\$ 27,625,004</u>	<u>\$ 1,847,294</u>
	2017		
	Fair Value Measurements Using		
	Year Ended June 30, 2017	Level 1	Level 2
Mutual Funds:			
Equity	\$ 10,674,641	\$ 10,674,641	\$ -
Fixed income	10,627,383	10,627,383	-
Cash and Cash Equivalents	971,296	971,296	-
Corporate Bonds	5,971,667	-	5,971,667
Total Investments	<u>\$ 28,244,987</u>	<u>\$ 22,273,320</u>	<u>\$ 5,971,667</u>

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 and certificates of deposit is 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.

Investment gain consists of the following:

	2018	2017
Interest and Dividends	\$ 837,584	\$ 734,607
Net Realized and Unrealized Gains on Investments	417,751	921,061
Total	<u>\$ 1,255,335</u>	<u>\$ 1,655,668</u>

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FOR THE YEAR ENDED JUNE 30, 2018

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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. The Foundation has no investment policy that would further limit its investment choices.

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 District has 76 percent invested in mutual funds, six percent invested in corporate bonds, 18 percent invested in certificates of deposit, and four 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. For both June 30, 2018 and 2017, the Station had \$4,861,927 exposed to custodial credit risk by being uninsured and collateral held by pledging bank's trust not in the District'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.

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NOTE 5 - RESTRICTIONS AND LIMITATIONS ON NET POSITION BALANCES

Temporarily restricted net position - expendable consist of the following:

	2018	2017
Capital Campaign	\$ 13,959,299	\$ 17,064,464
Time Restricted	1,751,083	3,133,454
Music Match Campaign	34,809	34,809
Berlin	25,609	-
Broadway Stories	32	12,614
Sound LA	14,400	-
ATC Summer Internship	-	3,520
Curious Coast	-	2,952
Internship - The Station	1,562	1,562
Total Restricted Net Position	\$ 15,786,794	\$ 20,253,375

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, 2018, the Station reported net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for the above plan as follows:

	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
KCRW-FM Radio:				
CalPERS (Schools Pool Plan)	\$ 1,475,434	\$ 459,305	\$ 33,280	\$ 258,238

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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, 2016, annual actuarial valuation reports, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically 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, 2018, are summarized as follows:

	<u>CalPERS - Schools Pool Plan</u>	
	On or Before December 31, 2012	On or After January 1, 2013
Hire date		
Benefit formula		
Benefit vesting schedule	2% at 55	2% at 62
Benefit payments	5 years of service	5 years of service
Retirement age	Monthly for life	Monthly for life
Monthly benefits as a percentage of eligible compensation	55	62
Required employee contribution rate	1.1% - 2.5%	1.0% - 2.5%
Required employer contribution rate	7.00%	6.50%
	15.531%	15.531%

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NOTES TO FINANCIAL STATEMENTS
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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, 2018, are presented above and the total Station contributions were \$124,586.

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

As of June 30, 2018, the Station reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$1,475,434. The net pension liability was measured as of June 30, 2017. 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 school Stations, actuarially determined. The Station's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.3142 percent and 0.3087 percent, respectively, resulting in a net increase in the proportionate share of 0.0055 percent. The District is included in this proportionate share.

For the year ended June 30, 2018, the Station recognized pension expense of \$258,238. At June 30, 2018, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resource	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 124,586	\$ -
Net change in proportionate share of net pension liability	15,310	15,908
Differences between projected and actual earnings on the pension plan investments	51,040	-
Differences between expected and actual experience in the measurement of the total pension liability	52,859	-
Changes of assumptions	215,510	17,372
Total	\$ 459,305	\$ 33,280

The deferred outflows 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.

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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
2019	\$ (1,383)
2020	58,889
2021	21,483
2022	(27,949)
Total	<u>\$ 51,040</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 77,697
2020	94,074
2021	78,627
Total	<u>\$ 250,398</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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 rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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%)	\$ 2,170,836
Current discount rate (7.15%)	1,475,434
1% increase (8.15%)	898,539

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018 and 2017 was \$343,644 and \$322,252, respectively. Future minimum lease payments under the leases are as follows:

Year Ended June 30,	
2019	\$ 328,496
2020	277,403
2021	211,087
2022	184,733
2023	166,553
2024	63,841
Total	<u>\$ 1,232,113</u>

KCRW Foundation

During the year ended June 30, 2018, the Foundation utilized facilities and equipment owned by the Station at no charge.

REQUIRED SUPPLEMENTARY INFORMATION

KCRW-FM RADIO
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SCHEDULE OF THE STATION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - CALPERS - SCHOOLS POOL PLAN
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Santa Monica Community College District's portion of the net pension liability	0.3142%	0.3087%	0.3072%	0.3302%
KCRW-FM Radio's proportionate share of the net pension liability	\$ 1,475,434	\$ 1,339,819	\$ 1,041,042	\$ 755,482
KCRW-FM Radio's covered-employee payroll reported as of the period fiscal year to align with the measurement date at the net pension liability	\$ 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-employee payroll	170.31%	159.85%	127.41%	107.93%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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.

See the accompanying note to the required supplementary information.

KCRW-FM RADIO
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SCHEDULE OF THE STATION'S CONTRIBUTIONS
- CALPERS - SCHOOLS POOL PLAN
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Contractually required contribution	\$ 124,586	\$ 120,315	\$ 99,298	\$ 96,175
Contributions in relation to the contractually required contribution	124,586	120,315	99,298	96,175
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
KCRW FM's covered-employee payroll	\$ 802,176	\$ 866,323	\$ 838,170	\$ 817,050
Contributions as a percentage of covered-employee payroll	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.

See the accompanying note to the required supplementary information.

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NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

With Comparative Information for the Year Ended June 30, 2017

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 for CalPERS.

Changes in Assumptions - The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent 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

KCRW-FM RADIO
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SCHEDULES OF FUNCTIONAL EXPENSES - KCRW-FM
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u> <u>Programming and Production</u>
Compensation and related expenses:	
Salaries	\$ 796,916
Benefits	364,964
Total	<u>1,161,880</u>
Depreciation	90,668
Dues and memberships	18,276
Electricity and gas	24,414
Equipment	285,914
Insurance	6,860
Miscellaneous	22,305
Other contract services	9,806
Postage and printing	174
Program acquisition	1,513,223
Rent expense	351,404
Repairs and maintenance	20,934
Supplies	29,225
Telephone	<u>107,580</u>
Total Expenses	<u><u>\$ 3,642,663</u></u>

See the auditor's report.

KCRW-FM RADIO
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SCHEDULES OF FUNCTIONAL EXPENSES - KCRW-FM
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u> <u>Programming and Production</u>
Compensation and related expenses:	
Salaries	\$ 913,528
Benefits	321,530
Total	<u>1,235,058</u>
Depreciation	36,384
Dues and memberships	118,334
Electricity and gas	22,152
Insurance	6,860
Legal	21,463
Other contract services	394,043
Program acquisition	1,317,802
Rent expense	322,252
Repairs and maintenance	5,160
Supplies	32,984
Telephone	111,066
Total Expenses	<u><u>\$ 3,623,558</u></u>

See the auditor's report.

KCRW-FM RADIO
(A Public Telecommunications Operation
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SCHEDULES OF FUNCTIONAL EXPENSES - KCRW FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				Support Services			Total Expenses
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total	Management and General	Fundraising	Total	
Compensation and related expenses:								
Salaries	\$ 4,443,976	\$ 571,542	\$ 1,406,801	\$ 6,422,319	\$ 1,323,226	\$ 746,592	\$ 2,069,818	\$ 8,492,137
Payroll taxes	314,826	12,051	111,762	438,639	87,086	62,208	149,294	587,933
Benefits and taxes	428,451	211,675	90,487	730,613	169,065	44,299	213,364	943,977
Total compensation and related expenses	5,187,253	795,268	1,609,050	7,591,571	1,579,377	853,099	2,432,476	10,024,047
Professional fees	699,192	65,765	1,022,922	1,787,879	136,503	2,661,183	2,797,686	4,585,565
Advertising and promotion	7,391	-	2,638,094	2,645,485	10,000	695,732	705,732	3,351,217
Equipment purchases, rental and maintenance	91,057	3,006,030	12,078	3,109,165	12,231	4,786	17,017	3,126,182
Donated support from Santa Monica Community College District	905,396	41,146	201,350	1,147,892	172,202	154,302	326,504	1,474,396
Consultants	1,349,635	-	51,830	1,401,465	-	1,000	1,000	1,402,465
Community events	1,290,511	-	-	1,290,511	-	-	-	1,290,511
Telephone and data	221,128	188,387	111,772	521,287	9,914	6,978	16,892	538,179
Dues and subscriptions	49,752	97,220	137,976	284,948	17,018	142,541	159,559	444,507
Investment fees and bank charges	2,045	-	59	2,104	22,479	407,735	430,214	432,318
Occupancy	29,367	282,156	10,937	322,460	24,464	104	24,568	347,028
Postage	864	459	125,329	126,652	5,132	126,933	132,065	258,717
Conference and travel	76,994	3,150	21,022	101,166	28,988	58,335	87,323	188,489
Office expense	9,860	1,026	1,245	12,131	43,547	2,794	46,341	58,472
Printing	4,931	88	19,916	24,935	86	6,609	6,695	31,630
Insurance	-	6,860	-	6,860	23,284	-	23,284	30,144
Gifts and awards	11,436	-	250	11,686	8,391	2,899	11,290	22,976
Staff development	2,563	370	4,740	7,673	9,357	864	10,221	17,894
Taxes and licenses	-	2,137	-	2,137	1,929	-	1,929	4,066
Total Expenses	\$ 9,939,375	\$ 4,490,062	\$ 5,968,570	\$ 20,398,007	\$ 2,104,902	\$ 5,125,894	\$ 7,230,796	\$ 27,628,803

See the auditor's report.

KCRW-FM RADIO
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SCHEDULES OF FUNCTIONAL EXPENSES - KCRW FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Support Services			Total Expenses
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total	Management and General	Fundraising	Total	
Compensation and related expenses:								
Salaries	\$ 3,973,229	\$ 473,933	\$ 1,386,025	\$ 5,833,187	\$ 943,779	\$ 909,702	\$ 1,853,481	\$ 7,686,668
Payroll taxes	284,341	16,693	95,149	396,183	59,672	71,783	131,455	527,638
Benefits and taxes	356,453	117,936	142,631	617,020	148,953	57,697	206,650	823,670
Total compensation and related expenses	4,614,023	608,562	1,623,805	6,846,390	1,152,404	1,039,182	2,191,586	9,037,976
Professional fees	1,451,550	59,319	553,668	2,064,537	273,471	2,476,465	2,749,936	4,814,473
Advertising and promotion	25,452	-	1,642,574	1,668,026	-	710,312	710,312	2,378,338
Consultants	1,305,042	600	40,673	1,346,315	-	11,000	11,000	1,357,315
Donated support from Santa Monica Community College District	776,601	31,287	199,194	1,007,082	140,794	152,347	293,141	1,300,223
Equipment purchases, rental and maintenance	123,725	1,088,770	11,062	1,223,557	20,362	12,998	33,360	1,256,917
Telephone	56,549	301,662	286,556	644,767	7,483	6,445	13,928	658,695
Investment fees and bank charges	431	-	-	431	13,389	404,476	417,865	418,296
Dues and subscriptions	46,778	27,317	173,592	247,687	22,129	137,741	159,870	407,557
Occupancy	62,462	265,661	300	328,423	30,349	2,556	32,905	361,328
Postage	1,968	2,111	158,782	162,861	4,429	184,924	189,353	352,214
Conference and travel	250,346	4,940	26,686	281,972	19,994	19,278	39,272	321,244
Office expenses	19,448	1,826	6,339	27,613	41,362	16,249	57,611	85,224
Printing	24,148	-	18,396	42,544	1,000	6,830	7,830	50,374
Staff development	5,371	15,965	4,329	25,665	20,068	4,355	24,423	50,088
Insurance	-	6,860	-	6,860	22,897	-	22,897	29,757
Gifts and awards	7,342	-	622	7,964	2,820	4,597	7,417	15,381
Taxes and licenses	-	1,437	-	1,437	2,554	-	2,554	3,991
Bad debt expense	-	-	-	-	1,575	-	1,575	1,575
Total Expenses	\$ 8,771,236	\$ 2,416,317	\$ 4,746,578	\$ 15,934,131	\$ 1,777,080	\$ 5,189,755	\$ 6,966,835	\$ 22,900,966

See the auditor's report.



**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***

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

We have audited, in accordance with the 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 financial statements 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, 2018, and the related notes to the financial statements, which collectively comprise the Station's financial statements, and have issued our report thereon dated February 12, 2019.

Emphasis of Matter

As discussed in Note 1, the financial statements present only KCRW-FM Radio (KCRW), and are not intended to present fairly the financial position and changes in financial position of the District in accordance 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 financial statements, we considered the Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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 determination of financial statement amounts. 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 12, 2019