

KALW-FM RADIO
(A California Public Telecommunications Entity
Operated by the San Francisco Unified School District)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended
June 30, 2014 and 2013 (as amended)

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14
Supplementary Information	
Schedules of Functional Expenses	16 - 17
Schedules of Nonfederal Financial Support	18

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
San Francisco Unified School District
San Francisco, California

We have audited the accompanying financial statements of KALW-FM Radio (a California Public Telecommunications Entity Operated by the San Francisco Unified School District), which comprise the statements of financial position as of June 30, 2014 and 2013 (as amended, see Note 2), and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America and the standards required by the Corporation for Public Broadcasting, *Financial Reporting Guidelines*; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards required by the Corporation for Public Broadcasting, *Financial Reporting Guidelines*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KALW-FM Radio as of June 30, 2014 and 2013 (as amended), and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1, the Station is not a legally distinct entity but merely a division of the San Francisco Unified School District and is adopting a FASB nonprofit model for reporting purposes.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Doran & Associates

November 26, 2014

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

STATEMENTS OF FINANCIAL POSITION
June 30, 2014

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 1)	\$ 717,002	\$ 466,807	\$ 1,183,809
Accounts receivable (Note 1)	6,721	-	6,721
Grant receivable, current portion (Note 3)	-	300,000	300,000
Interest receivable	<u>1,607</u>	<u>-</u>	<u>1,607</u>
Total current assets	725,330	766,807	1,492,137
Grant receivable, net of current portion and present value discount (Note 3)	-	544,095	544,095
Equipment and leasehold improvements, net of accumulated depreciation of \$377,108 (Notes 1 and 4)	<u>19,941</u>	<u>-</u>	<u>19,941</u>
Total assets	<u>\$ 745,271</u>	<u>\$ 1,310,902</u>	<u>\$ 2,056,173</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 94,035	\$ -	\$ 94,035
Deferred revenue (Note 1)	<u>1,568</u>	<u>-</u>	<u>1,568</u>
Total liabilities	95,603	-	95,603
Net assets	<u>649,668</u>	<u>1,310,902</u>	<u>1,960,570</u>
Total liabilities and net assets	<u>\$ 745,271</u>	<u>\$ 1,310,902</u>	<u>\$ 2,056,173</u>

The accompanying notes are an integral part of these financial statements.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2013 (as amended, see Note 2)

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 1)	\$ 696,195	\$ 470,736	\$ 1,166,931
Accounts receivable (Note 1)	27,830	-	27,830
Grant receivable, current portion (Note 3)	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total current assets	724,025	770,736	1,494,761
Grant receivable, net of current portion and present value discount (Note 3)	-	816,900	816,900
Equipment and leasehold improvements, net of accumulated depreciation of \$367,317 (Notes 1 and 4)	<u>29,732</u>	<u>-</u>	<u>29,732</u>
Total assets	<u>\$ 753,757</u>	<u>\$ 1,587,636</u>	<u>\$ 2,341,393</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 78,329	\$ -	\$ 78,329
Deferred revenue (Note 1)	4,450	-	4,450
Fiscal sponsorship fund held (Note 1)	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total liabilities	90,779	-	90,779
Net assets	<u>662,978</u>	<u>1,587,636</u>	<u>2,250,614</u>
Total liabilities and net assets	<u>\$ 753,757</u>	<u>\$ 1,587,636</u>	<u>\$ 2,341,393</u>

The accompanying notes are an integral part of these financial statements.

KALW-FM RADIO
 (A California Public Telecommunications Entity Operated by the, San Francisco Unified School District)

STATEMENTS OF ACTIVITIES
 For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND TRANSFERS			
Support:			
Subscriptions and membership dues	\$ 1,602,816	\$ -	\$ 1,602,816
Corporation for Public Broadcasting grant	191,768	-	191,768
Foundation and corporate grants	59,490	125,205	184,695
Donated facilities (Note 6)	155,988	-	155,988
Indirect administrative support (Note 6)	<u>107,546</u>	<u>-</u>	<u>107,546</u>
Total support	2,117,608	125,205	2,242,813
Revenue:			
Interest income	6,309	-	6,309
Program fees	2,882	-	2,882
Temporarily restricted net assets released from restrictions (Note 7)	<u>401,939</u>	<u>(401,939)</u>	<u>-</u>
Total support, revenue, and transfers	<u>2,528,738</u>	<u>(276,734)</u>	<u>2,252,004</u>
EXPENSES			
Program services	1,813,711	-	1,813,711
General and administrative	486,511	-	486,511
Fundraising	<u>241,826</u>	<u>-</u>	<u>241,826</u>
Total expenses	<u>2,542,048</u>	<u>-</u>	<u>2,542,048</u>
Change in net assets	(13,310)	(276,734)	(290,044)
Net assets, beginning of year	<u>662,978</u>	<u>1,587,636</u>	<u>2,250,614</u>
Net assets, end of year	<u>\$ 649,668</u>	<u>\$ 1,310,902</u>	<u>\$ 1,960,570</u>

The accompanying notes are an integral part of these financial statements.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended June 30, 2013 (as amended, see Note 2)

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND TRANSFERS			
Support:			
Subscriptions and membership dues	\$ 1,853,752	\$ -	\$ 1,853,752
Corporation for Public Broadcasting grant	175,471	-	175,471
Foundation and corporate grants	129,527	1,538,873	1,668,400
Donated facilities (Note 6)	155,988	-	155,988
Indirect administrative support (Note 6)	<u>95,449</u>	<u>-</u>	<u>95,449</u>
Total support	2,410,187	1,538,873	3,949,060
Revenue:			
Interest income	3,618	-	3,618
Program fees	34,906	-	34,906
Temporarily restricted net assets released from restrictions (Note 7)	<u>59,668</u>	<u>(59,668)</u>	<u>-</u>
Total support, revenue, and transfers	<u>2,508,379</u>	<u>1,479,205</u>	<u>3,987,584</u>
EXPENSES			
Program services	1,522,863	-	1,522,863
General and administrative	437,994	-	437,994
Fundraising	<u>312,804</u>	<u>-</u>	<u>312,804</u>
Total expenses	<u>2,273,661</u>	<u>-</u>	<u>2,273,661</u>
Change in net assets	234,718	1,479,205	1,713,923
Net assets, beginning of year	<u>428,260</u>	<u>108,431</u>	<u>536,691</u>
Net assets, end of year	<u>\$ 662,978</u>	<u>\$ 1,587,636</u>	<u>\$ 2,250,614</u>

The accompanying notes are an integral part of these financial statements.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2014 and 2013 (as amended, see Note 2)

	2014	2013 (As amended)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (290,044)</u>	<u>\$ 1,713,923</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,791	20,822
Changes in assets and liabilities:		
Accounts receivable	21,109	(19,934)
Grant receivable	272,805	(1,116,900)
Interest receivable	(1,607)	767
Accounts payable and accrued expenses	15,706	(68,798)
Deferred revenue	(2,882)	4,450
Fiscal sponsorship funds held	<u>(8,000)</u>	<u>8,000</u>
Total adjustments	<u>306,922</u>	<u>(1,171,593)</u>
Net cash provided by operating activities	<u>16,878</u>	<u>542,330</u>
Net increase in cash and cash equivalents	16,878	542,330
Cash and cash equivalents, beginning of year	<u>1,166,931</u>	<u>624,601</u>
Cash and cash equivalents, end of year	<u>\$ 1,183,809</u>	<u>\$ 1,166,931</u>

The accompanying notes are an integral part of these financial statements.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - KALW-FM Radio (the Station) is a noncommercial public broadcasting radio station owned and operated by the San Francisco Unified School District. As a result, it is subject to the laws and regulations of the State of California and the policies of the San Francisco Board of Education.

Reporting Entity and Financial Statement Model - The Station is not an entity legally distinct from the San Francisco Unified School District. KALW is governed by the School District, which holds the FCC broadcast license and provides the in-kind use of School District facilities as well as other administrative assistance. Substantially all supportive revenue is raised by the Station and is provided by the general public and the Corporation for Public Broadcasting.

Because the majority of funding comes from the general public and the Corporation for Public Broadcasting and not the School District, the Station has adopted the Financial Accounting Standards Board nonprofit model as described in ASC 958-205.

Method of Accounting - The financial statements of the Station are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Basis of Presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets - Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

Temporarily restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Station is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Station pursuant to those stipulations, (b) from other asset enhancements and diminishment that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Station pursuant to those stipulations.

Permanently restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Station is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Station, (b) from other asset enhancements and diminishment that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

There were no permanently restricted net assets as of June 30, 2014 and 2013.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

A portion of the cash balances of the Station are included in a commingled account held by the Treasurer of the City and County of San Francisco to the credit of the San Francisco Unified School District.

Equipment and Leasehold Improvements - The Station records equipment and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful life of each asset, which is five or ten years. The Station capitalizes all equipment and leasehold improvements with a cost in excess of the capitalization threshold of \$1,000.

Contributions - Contributions are recognized when the donor makes a promise to give to the Station that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

Income Taxes - The Station is exempt from federal and state taxes under the exemption granted to the San Francisco Unified School District.

Accounts Receivable - It is the practice of the Station to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and, based on subsequent collections, management believes all amounts will be collected in full.

Subsequent Events - Subsequent events have been evaluated through November 26, 2014, which is the date the financial statements were available to be issued.

Multi-Employer Retirement Plans- In September 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2011-09, *Compensation - Retirement Benefits - Multi-employer Plans (Subtopic 715-80) - Disclosures about an Employer's Participation in a Multi-employer Plan*, which is effective for fiscal years ending after December 15, 2012. However, because the Station does not participate in the multi-employer plans through the SFUSD, no disclosures are required in these financial statements.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue - The Station has received advance payments for a reimbursement contract, which will be recognized when earned. The total of deferred revenue was \$1,568 as of June 30, 2014, and \$4,450 as of June 30, 2013.

Fiscal Sponsorship - The Station acts as a fiscal sponsor for a contractor developing program content. This fiscal sponsorship amount belongs to the sponsee, and is shown as a liability of the Station. As of June 30, 2013, the Station held \$8,000 in fiscal sponsorship funds payable.

Reclassifications - Certain balances at, and for the year ended June 30, 2013, were reclassified to conform with June 30, 2014, balances.

NOTE 2 PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2014, it was discovered that \$27,830 in accounts receivable attributable to the year ended June 30, 2013, had not been recorded in that year. As a result, the \$27,830 has been recorded as a prior period adjustment, as an increase in Accounts Receivable and an increase in Unrestricted Net Assets as of June 30, 2013, on the Statement of Financial Position, and an increase in subscription and membership dues and change in net assets on the Statement of Activities during the year ended June 30, 2013.

NOTE 3 GRANT RECEIVABLE

The Station has received a long-term grant commitment, which was receivable at June 30, 2014 and 2013, as follows:

	<u>2014</u>	<u>2013</u>
Current portion	\$ 300,000	\$ 300,000
Long-term portion:		
2015	N/A	300,000
2016	300,000	300,000
2017	285,000	300,000
Less: present value discount, 5%	<u>(40,905)</u>	<u>(83,100)</u>
	<u>544,095</u>	<u>816,900</u>
Total	<u>\$ 844,095</u>	<u>\$ 1,116,900</u>

In the opinion of management, all amounts are highly likely to be collected or were collected subsequent to year-end; therefore, no allowance for doubtful accounts has been recorded.

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 4 EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consisted of the following at June 30, 2014 and 2013:

<u>Equipment and leasehold improvements, at cost</u>	
Balance, June 30, 2012	\$ 397,049
Additions	<u> -</u>
Balance, June 30, 2013	397,049
Additions	<u> -</u>
Balance, June 30, 2014	<u>397,049</u>
<u>Accumulated depreciation</u>	
Balance, June 30, 2012	346,495
Depreciation expense	<u>20,822</u>
Balance, June 30, 2013	367,317
Depreciation expense	<u>9,791</u>
Balance, June 30, 2014	<u>377,108</u>
Equipment and leasehold improvements, net	<u><u>\$ 19,941</u></u>

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

The Station is awarded grants which are received with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods. Temporarily restricted net assets at June 30, 2014 and 2013, were restricted to the following uses:

	<u>2014</u>	<u>2013</u>
News Production:		
WNYC Radio	-	10,500
Rosenberg Foundation	22,000	35,000
Association for Continuing Education	1,163,697	1,487,244
Hewlett Foundation	40,705	38,705
Osher Foundation	-	16,187
National Philanthropic Trust	59,500	-
Development consultant, Gerbode Foundation	<u>25,000</u>	<u> -</u>
	<u>\$ 1,310,902</u>	<u>\$ 1,587,636</u>

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 6 IN-KIND CONTRIBUTIONS

Donated facilities include a transmitter and antenna site contributed by the City and County of San Francisco. This donation was recorded in both revenue and expense at estimated fair rental value. Donated facilities also include office, production and broadcasting space contributed by the San Francisco Unified School District. For the years ended June 30, 2014 and 2013, KALW-FM Radio recorded the value of the donated studio and office space as revenues and expense based upon the appraised value of the building and improvements to the San Francisco Unified School District. The value of the donated transmitter site was \$96,000 and the value of the office space was \$59,988, for a total value of donated facilities of \$155,988 for each year.

In accordance with the Corporation for Public Broadcasting *Financial Reporting Guidelines*, KALW-FM Radio records as revenues and expenditures the value of donated volunteer services only when they create or enhance a nonfinancial asset and: 1) would typically need to be purchased by the Station if they had not been donated, and 2) require specialized skills and are provided by individuals with those skills who ordinarily charge fees for the same type of service donated.

Indirect administrative support from the San Francisco Unified School District consisted of an allocation of financial, accounting and certain other costs that benefitted the Station. During the years ended June 30, 2014 and 2013, the value of indirect administrative support was \$107,546 and \$95,449, respectively.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION

The Station fulfilled the use and/or time restrictions for the following temporarily restricted items and they were released to unrestricted net assets during the years ended June 30, 2014 and 2013, as follows:

	2014	2013
News Production	\$ 401,939	\$ 27,000
Grants Manager	-	3,361
Full-Time Arts Editor	-	29,307
	\$ 401,939	\$ 59,668

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS

All permanent employees of the Station are eligible to participate in the employee retirement systems offered by the San Francisco Unified School District. The types of plans offered vary based on the employee's status and the eligibility of each plan. The employer-funded portion of contributions made to the employee retirement systems on behalf of KALW employees was \$121,449 and \$109,672 for the years ended June 30, 2014 and 2013, respectively.

NOTE 9 OPERATING LEASES

The Station entered into an operating lease for a photocopier in May 2009, with a term of 60 months and monthly payments of \$228. In August 2014, this lease was terminated and the equipment was returned. The Station also entered into an operating lease for a postage machine in April 2008. The lease is for a term of 63 months and calls for minimum monthly payments of \$461. The lease expense, including other month-to-month expenses, was \$10,020 and \$6,355 for the years ended June 30, 2014 and 2013, respectively.

In August 2014, the Station entered into an operating lease for a new photocopier. The lease calls for 60 monthly payments of \$186.

Future estimated minimum non-cancellable lease payments for the current and subsequent years are as follows:

Year ending <u>June 30,</u>	
2015	\$ 1,858
2016	2,230
2017	2,230
2018	2,230
2019	2,230
2020	372
	<u>\$ 11,150</u>

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 10 JOINT COSTS

During the years ended June 30, 2014 and 2013, the costs of activities included \$21,027 and \$17,343, respectively, of joint costs that are not directly attributable to the program, fundraising, or management and general component of the activities. These joint costs were allocated as follows:

2014:	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Quarterly Program Guide Publication	<u>\$ 18,925</u>	<u>\$ 2,102</u>	<u>\$ 21,027</u>
2013:	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Quarterly Program Guide Publication	<u>\$ 15,609</u>	<u>\$ 1,734</u>	<u>\$ 17,343</u>

NOTE 11 RISKS AND UNCERTAINTIES

The Station relies on a significant amount of funding received in the form of donations and grants from individuals and foundations to support its operations. The current global financial markets and discussions of a U.S. economic downturn may have an impact on the level of funding provided by these funding sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Station's exposure to impact from these events.

NOTE 12 CONCENTRATIONS

The Station received a significant portion of its funding from one grantor during the year ended June 30, 2013, the Association for Continuing Education, representing \$1,624,000 or 41% of total income for the year. That total reflects a payment of \$124,000 that concludes a conditional, two-year grant agreement, as well as a new unconditional grant of \$1,500,000 that is being paid over five years. Generally accepted accounting principles require that an unconditional, long-term grant be accrued in the fiscal year in which it was awarded. This grantor represents 100% of the grant receivable balance at June 30, 2014 and 2013.

NOTE 13 SUBSEQUENT EVENT

In August 2014, the Station entered into an operating lease for a new photocopier. The lease calls for 60 monthly payments of \$186 (see Note 9).

SUPPLEMENTARY INFORMATION

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

SCHEDULES OF FUNCTIONAL EXPENSES
For the year ended June 30, 2014

	Program Services	Management and General	Fundraising	Total
Salaries and employee benefits	\$ 492,554	\$ 227,466	\$ -	\$ 720,020
Membership fees	248,405	4,120	3,877	256,402
Office and other supplies	172,732	18,921	103,506	295,159
Donated transmitter site	96,000	-	-	96,000
Administrative support	-	107,546	-	107,546
Annual rental value	-	59,988	-	59,988
Contracted services	778,387	24,805	131,299	934,491
Telephone	14,428	31,707	-	46,135
Equipment repairs and maintenance	1,414	6,083	2,485	9,982
Depreciation expense	9,791	-	-	9,791
Travel and conferences	-	2,813	659	3,472
Insurance	-	3,062	-	3,062
Total expenses	<u>\$ 1,813,711</u>	<u>\$ 486,511</u>	<u>\$ 241,826</u>	<u>\$ 2,542,048</u>

KALW-FM RADIO**(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)****SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)****For the year ended June 30, 2013**

	Program Services	Management and General	Fundraising	Total
Salaries and employee benefits	\$ 419,761	\$ 241,884	\$ 50,246	\$ 711,891
Membership fees	220,810	4,423	3,541	228,774
Office and other supplies	139,825	16,700	88,610	245,135
Donated transmitter site	96,000	-	-	96,000
Administrative support	-	95,449	-	95,449
Annual rental value	-	59,988	-	59,988
Contracted services	597,890	12,400	153,770	764,060
Telephone	24,984	-	13,432	38,416
Equipment repairs and maintenance	2,365	5,800	3,205	11,370
Depreciation expense	20,822	-	-	20,822
Travel and conferences	406	-	-	406
Insurance	-	1,350	-	1,350
Total expenses	<u>\$ 1,522,863</u>	<u>\$ 437,994</u>	<u>\$ 312,804</u>	<u>\$ 2,273,661</u>

KALW-FM RADIO
(A California Public Telecommunications Entity Operated by the San Francisco Unified School District)

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT
For the year ended June 30, 2014

SUMMARY OF NONFEDERAL FINANCIAL SUPPORT:

Total Revenue (including in-kind contributions)	\$ 2,252,004
Less:	
Corporation for Public Broadcasting	191,768
Program revenue	2,882
Indirect Administrative Support	107,546
In-Kind Contributions:	
San Francisco Unified School District: Studio and office facilities	59,988
City and County of San Francisco: Transmitter Site	<u>96,000</u>
Total Nonfederal Financial Support, as reported to CPB	<u>\$ 1,793,820</u>