

**CALIFORNIA STATE UNIVERSITY, LONG BEACH
RESEARCH FOUNDATION
KKJZ-FM**

FINANCIAL STATEMENTS

June 30, 2023

(With Comparative Totals For 2022)

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee and Board of Directors of
California State University, Long Beach Research Foundation:

Opinion

We have audited the accompanying financial statements of California State University, Long Beach Research Foundation (the Foundation) – KKJZ-FM, a department of the Foundation, which comprise the statement of assets, liabilities, and net assets as of June 30, 2023, and the related statements of revenue, support, and expenses, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Long Beach Research Foundation – KKJZ-FM (KKJZ-FM) as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of KKJZ-FM, are intended to present the financial position, the changes in financial position, and cash flows of only the activities maintained by KKJZ-FM. They do not purport to, and do not, present fairly the financial position or the results of operations of the Foundation, as of and for the year ended June 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KKJZ-FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KKJZ-FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 KKJZ-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KKJZ-FM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited KKJZ-FM's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Windes, Inc." in a cursive script.

Long Beach, California
October 23, 2023

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 107,012	\$ 209,194
Capital assets, net	<u>127,925</u>	<u>151,843</u>
TOTAL ASSETS	<u>\$ 234,937</u>	<u>\$ 361,037</u>
LIABILITIES		
Accrued expenses	\$ 55,089	158,848
Deferred revenue	<u>51,923</u>	<u>50,346</u>
	107,012	209,194
NET ASSETS		
Without donor restrictions	<u>127,925</u>	<u>151,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 234,937</u>	<u>\$ 361,037</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**STATEMENT OF REVENUE, SUPPORT, AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Donations	\$ 1,743,218	\$ 1,552,139
Grant revenue	<u>74,229</u>	<u>70,556</u>
TOTAL REVENUE	<u>1,817,447</u>	<u>1,622,695</u>
EXPENSES		
Program services	1,666,365	1,471,613
Management support	<u>175,000</u>	<u>175,000</u>
TOTAL EXPENSES	1,841,365	1,646,613
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(23,918)</u>	<u>(23,918)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
AT BEGINNING OF YEAR	<u>151,843</u>	<u>175,761</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
AT END OF YEAR	<u>\$ 127,925</u>	<u>\$ 151,843</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Program Services</u>	<u>Management Support</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Contractual services	\$ 1,517,083	\$ -	\$ 1,517,083	\$ 1,327,477
Programming fees	-	175,000	175,000	175,000
Rent expense	54,621	-	54,621	56,758
Bank charges	50,743	-	50,743	44,660
Scholarships	20,000	-	20,000	18,800
Depreciation	23,918	-	23,918	23,918
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,666,365</u>	<u>\$ 175,000</u>	<u>\$ 1,841,365</u>	<u>\$ 1,646,613</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (23,918)	\$ (23,918)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	23,918	23,918
Change in liabilities:		
Accrued expenses	(103,759)	(96,913)
Deferred revenue	1,577	(2,887)
Net Cash Used In Operating Activities	(102,182)	(99,800)
 NET CHANGE IN CASH	 (102,182)	 (99,800)
 CASH AT BEGINNING OF YEAR	 209,194	 308,994
 CASH AT END OF YEAR	 \$ 107,012	 \$ 209,194

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies

Nature of Business

California State University, Long Beach Research Foundation (the Foundation) holds a license from the Federal Communications Commission for noncommercial FM Station KKJZ, 88.1 (KKJZ-FM) with the main studio located on the campus of California State University, Long Beach. The Foundation has contracted with Global Jazz, Inc. (Global Jazz) to provide a source of programming, as well as programming services, for the station.

The Foundation also contracts with KKJZ Fundraising, Inc. (KKJZ Fundraising), a California corporation, to engage in fundraising activities on behalf of the Foundation. All donations generated by KKJZ Fundraising are held by the Foundation and are utilized to subsidize costs incurred by Global Jazz to operate the radio station. Global Jazz is a California corporation that maintains its own accounting records for daily operations. As such, these financial statements reflect only activities maintained by the Foundation's KKJZ-FM, which maintains separate accounting records, and do not purport to represent the financial position and results of operations of the Foundation, Global Jazz, or the radio station in its entirety.

Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis of accounting and present the amounts for each of the classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence and nature of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), where the use of these contributions are limited by donor-imposed stipulations with some donor stipulations temporary in nature that will be met either by actions or with the passage of time. Other donor stipulations may be perpetual in nature, where the donor stipulates that corpus be maintained intact in perpetuity. As the donor-imposed stipulations are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of revenue, support, and expenses as net assets released from restrictions. Contributions with donor-imposed stipulations whose stipulations are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements. As of June 30, 2023 and 2022, KKJZ-FM had no net assets with donor restrictions.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the revenue, support, and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Contributions

Contributions, including unconditional promises to give, are recognized as support in the period received or pledged. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and nature of any donor-imposed restrictions. All contributions are considered to be available without restrictions unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are donor-restricted support that increases net assets with donor restrictions. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenue, support, and expenses as net assets without donor restrictions released from net assets with donor restrictions.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

If a donor restriction expires in the same reporting period that the contribution was made, the contribution is reported as net assets with donor restricted support and is also included in net assets without donor restrictions released from net assets with donor restrictions in that reporting period.

Capital Assets

Capital assets of KKJZ-FM are stated at cost or, if acquired by gift, at estimated fair value at the date of donation. Major renewals and betterments are charged to capital assets, while replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are currently expensed. Depreciation and amortization is charged on a straight-line basis over the lives of the assets, which is five years.

Record collection items acquired on or after July 1, 1996 are capitalized at cost, if the items were purchased, or at their appraised fair market value on the accession date, if the items were contributed. No contributed collection items were received for the year ended June 30, 2023.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and, thereby, to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities initiated with CSGs awarded in prior years.

Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Corporation for Public Broadcasting Community Service Grants (Continued)

The CSGs are reported on the accompanying financial statements as increases in unrestricted net assets as earned. Unspent CSGs are reported as deferred revenue on the accompanying statement of assets, liabilities, and net assets.

Leasing Arrangements

In February 2016, the Financial Accounting Standards Board issued new lease accounting guidance in Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842) (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring KKJZ-FM to recognize a lease liability and related right-of-use assets for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements.

Effective July 1, 2022, KKJZ-FM adopted ASU 2016-02. KKJZ-FM determines if an arrangement contains a lease at inception based on whether KKJZ-FM has the right to control the asset during the contract period and other facts and circumstances. KKJZ-FM has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of revenue, support, and expenses in the period in which the obligation for the payments is incurred.

KKJZ-FM adopted ASU 2016-02 utilizing the modified-retrospective transition method through a cumulative-effect adjustment. The adoption of ASU 2016-02 did not have a material impact on KKJZ-FM's results of operations or cash flows. As of June 30, 2023, KKJZ-FM did not have any leases to be recognized under ASU 2016-02.

During the years ended June 30, 2023 and 2022, KKJZ-FM recognized rent expense of \$54,621 and \$56,758, respectively, related to reimbursing the Foundation for rental costs associated with the operations of KKJZ-FM for which KKJZ-FM is not committed under the lease agreement.

Subsequent Events

KKJZ-FM has evaluated subsequent events from the statement of assets, liabilities, and net assets date through October 23, 2023, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
KKJZ-FM**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities, and net assets date, comprise the following:

	June 30,	
	2023	2022
Cash	<u>\$ 107,040</u>	<u>\$ 209,194</u>

KKJZ-FM maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – Capital Assets

Capital assets activity for the year ended June 30, 2023 is summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Radio equipment	\$ 185,590	\$ -	\$ -	\$ 185,590
Record collection	106,000	-	-	106,000
	291,590	-	-	291,590
Less accumulated depreciation and amortization	(139,747)	(23,918)	-	(163,665)
	<u>\$ 151,843</u>	<u>\$ (23,918)</u>	<u>\$ -</u>	<u>\$ 127,925</u>

NOTE 4 – Related-Party Transaction

KKJZ-FM paid the Foundation programming fees of \$175,000 for the years ended June 30, 2023 and 2022.