

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

## FINANCIAL STATEMENTS

June 30, 2015 and 2014

## CONTENTS

Independent Auditors' Report .....	1-2
Statement of Assets, Liabilities, and Net Assets .....	3
Statement of Revenue, Support, and Expenses .....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements.....	6-10

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California State University, Long Beach Research Foundation (Foundation) – KKJZ-FM (KKJZ-FM), a department of the Foundation, which comprise the statement of assets, liabilities, and net assets as of June 30, 2015 and 2014, and the related statements of revenue, support, and expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 California State University, Long Beach Research Foundation – KKJZ-FM as of June 30, 2015 and 2014, 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 discussed in Note 1, the financial statements of California State University, Long Beach Research Foundation – 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 years ended June 30, 2015 and 2014 with accounting principles generally accepted in the United States of America.

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

Long Beach, California  
November 12, 2015

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

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS**

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
		<b>(As Restated)</b>
<b>ASSETS</b>		
Cash	\$ 111,514	\$ 422,036
Capital assets, net	106,000	106,000
<b>TOTAL ASSETS</b>	<b>\$ 217,514</b>	<b>\$ 528,036</b>
<b>LIABILITIES</b>		
Accrued expenses	\$ 8,578	\$ 84,278
Deferred revenue	102,936	337,758
	111,514	422,036
<b>NET ASSETS</b>		
Unrestricted	106,000	106,000
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 217,514</b>	<b>\$ 528,036</b>

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**

	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
		<b>(As Restated)</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
Donations	\$ 1,345,881	\$ 1,571,796
Grant revenues	<u>179,171</u>	<u>172,573</u>
<b>TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT</b>	<u>1,525,052</u>	<u>1,744,369</u>
<b>EXPENSES</b>		
Program expenses	1,406,295	1,569,369
Foundation administrative fees	<u>118,757</u>	<u>175,000</u>
<b>TOTAL UNRESTRICTED EXPENSES</b>	<u>1,525,052</u>	<u>1,744,369</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>None</u>	<u>None</u>
<b>NET ASSETS AT BEGINNING OF YEAR, AS RESTATED</b>	<u>106,000</u>	<u>106,000</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 106,000</u>	<u>\$ 106,000</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**

	<b>For the Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	None	None
Adjustments to reconcile change in net assets to net cash from operating activities:		
Increase (decrease) in:		
Accrued expenses	( 75,700)	45,883
Deferred revenues	( 234,822)	<u>60,697</u>
Net Cash Provided By (Used In) Operating Activities	<u>( 310,522)</u>	<u>106,580</u>
 <b>NET CHANGE IN CASH</b>	 ( 310,522)	 106,580
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>422,036</u>	 <u>315,456</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 111,514</u>	 <u>\$ 422,036</u>

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, 2015 AND 2014**

**NOTE 1 – Summary of Significant Accounting Policies**

*Nature of Business*

California State University, Long Beach Research Foundation (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 (University). The Foundation has contracted with Global Jazz, Inc. (Global Jazz) to provide a source of programming for the station, as well as to provide programming services for the station.

The Foundation also contracts with KKJZ Fundraising, Inc., a California corporation, to engage in fund-raising activities on behalf of the Foundation. All donations generated by KKJZ Fundraising, Inc. 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 and do not purport to represent the financial position and results of operations of Global Jazz or the radio station in its entirety.

*Basis of Presentation of Financial Statements*

KKJZ-FM reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of June 30, 2015 and 2014, KKJZ-FM had no temporarily or permanently restricted net assets.

*Use of Estimates and Assumptions*

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



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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor-imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

If a donor restriction expires in the same reporting period that the contribution was made, the contribution is reported as restricted support and also included in net assets released from 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***

Record collection items acquired on or after July 1, 1996 are capitalized at cost, if the items were purchased, or at their appraised or fair market value on the accession date, if the items were contributed. The value assigned to donated collection items was \$106,000 for both years ended June 30, 2015 and 2014.

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

*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 begun 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.

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 financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 2 – Capital Assets**

Capital assets activity for the years ended June 30, 2015 and 2014 is summarized below:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Radio equipment	\$ 151,000			\$ 151,000
Record collection	106,000			106,000
	257,000			257,000
Less accumulated depreciation and amortization	( 151,000)			( 151,000)
	<u>\$ 106,000</u>	<u>None</u>	<u>None</u>	<u>\$ 106,000</u>

**NOTE 3 – Related-Party Transaction**

KKJZ-FM receives administrative support services from the Foundation and reimburses the Foundation for those services. KKJZ-FM paid the Foundation \$118,757 and \$175,000 for the years ended June 30, 2015 and 2014, respectively.

**NOTE 4 – Subsequent Events**

KKJZ-FM has evaluated subsequent events from the statement of assets, liabilities, and net assets date through November 12, 2015, 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, 2015 AND 2014**

**NOTE 5 – Restatement of Prior Financial Statements**

Subsequent to the issuance of the financial statements for the year ended June 30, 2014, the Foundation determined that unspent grant funds from the Corporation for Public Broadcasting were mistakenly recorded as temporarily restricted net assets and should have been recorded as deferred revenue. As such, the financial statements have been restated as of July 1, 2013 for the correction of the error.

The effect of the restatement on the June 30, 2014 financial statements is as follows:

	<u>As Previously Recorded</u>	<u>Adjustment</u>	<u>As Restated</u>
<b>Statement of Assets, Liabilities, and Net Assets</b>			
Deferred revenues	None	\$ 337,758	\$ 337,758
Temporarily restricted net assets	\$ 337,758	(\$ 337,758)	None
<b>Statement of Revenue, Support, and Expenses</b>			
Change in unrestricted net assets	\$ 60,697	(\$ 60,697)	None
Net assets at beginning of year	\$ 383,061	(\$ 277,061)	\$ 106,000
Net assets at end of year	\$ 443,758	(\$ 337,758)	\$ 106,000
<b>Statement of Cash Flows</b>			
Change in net assets	\$ 60,697	(\$ 60,697)	None
Deferred revenues	None	\$ 60,697	\$ 60,697