

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

## FINANCIAL STATEMENTS

June 30, 2020

(With Comparative Totals For 2019)

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## **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, 2020, 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.

### **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 auditors' 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 auditors consider 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, 2020, 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.

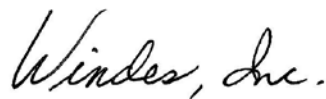
## Emphasis of Matters

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 year ended June 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1, during the year ended June 30, 2020, the California State University, Long Beach Research Foundation – KKJZ-FM adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and their related amendments. Our opinion is not modified with respect to this matter.

## *Report on Summarized Comparative Information*

We have previously audited California State University, Long Beach Research Foundation – KKJZ-FM's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California  
October 20, 2020

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

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash	\$ 109,453	\$ 113,627
Capital assets, net	199,679	223,730
<b>TOTAL ASSETS</b>	\$ 309,132	\$ 337,357
<b>LIABILITIES</b>		
Accrued expenses	\$ 53,433	\$ 43,313
Deferred revenue	56,020	70,314
	109,453	113,627
<b>NET ASSETS</b>		
Without donor restrictions	199,679	223,730
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 309,132	\$ 337,357

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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>Total</b>	
	<b>2020</b>	<b>2019</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUE</b>		
Donations	\$ 1,413,645	\$ 1,422,717
Grant revenue	153,278	76,291
<b>TOTAL REVENUE</b>	<b>1,566,923</b>	<b>1,499,008</b>
<b>EXPENSES</b>		
Program services	1,590,974	1,356,278
Fundraising	-	25,000
<b>TOTAL EXPENSES</b>	<b>1,590,974</b>	<b>1,381,278</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(24,051)</b>	<b>117,730</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>AT BEGINNING OF YEAR</b>	<b>223,730</b>	<b>106,000</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>AT END OF YEAR</b>	<b>\$ 199,679</b>	<b>\$ 223,730</b>

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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>Program Services</b>	<b>Fundraising</b>	<b>Total</b>	
			<b>2020</b>	<b>2019</b>
Contractual services	\$ 1,285,122	\$ -	\$ 1,285,122	\$ 1,102,178
Programming fees	175,000	-	175,000	175,000
Rent expense	53,500	-	53,500	51,942
Bank charges	33,301	-	33,301	30,298
Scholarships	20,000	-	20,000	20,000
Depreciation	24,051	-	24,051	1,860
	<u>\$ 1,590,974</u>	<u>\$ -</u>	<u>\$ 1,590,974</u>	<u>\$ 1,381,278</u>
Total Expenses	<u>\$ 1,590,974</u>	<u>\$ -</u>	<u>\$ 1,590,974</u>	<u>\$ 1,381,278</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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>For the Year Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (24,051)	\$ 117,730
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	24,051	1,860
Donated capital assets	-	(119,590)
Change in liabilities:		
Accrued expenses	10,120	(33,414)
Deferred revenue	(14,294)	27,550
Net Cash Used In Operating Activities	(4,174)	(5,864)
 <b>NET CHANGE IN CASH</b>	 (4,174)	 (5,864)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>113,627</u>	 <u>119,491</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 109,453</u>	 <u>\$ 113,627</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, 2020**

**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, as well as programming services, for the station.

The Foundation also contracts with KKJZ Fundraising, Inc., a California corporation, to engage in fundraising 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'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.

*Recently Adopted Accounting Standard*

During the year ended June 30, 2020, KKJZ-FM adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and its related amendments, which supersedes the revenue recognition requirements in *Revenue Recognition* (Topic 605). This ASU requires an entity to recognize revenue when goods are transferred or services are provided to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures enabling users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The ASU permits the use of either a full-retrospective transition method or a modified-retrospective transition method with the cumulative effect adjusted to the opening balance of retained earnings. The Foundation has elected the use of the modified-retrospective method. The transition method selected resulted in no adjustment to the opening balance of net assets without donor restrictions.

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

***Recently Adopted Accounting Standard (Continued)***

During the year ended June 30, 2020, KKJZ-FM adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The ASU provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions. The adoption resulted in no adjustment to the opening balance of net assets.

***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).

**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 either temporary in nature that may be or 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 statements of activities 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, 2020 and 2019, KKJZ-FM had no net assets with donor restrictions.

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

*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 activities as net assets without donor restrictions released from net assets with donor restrictions.

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 or fair market value on the accession date, if the items were contributed. The value assigned to donated collection items was \$106,000 for the year ended June 30, 2020.

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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 statement of assets, liabilities, and net assets.

*Subsequent Events*

KKJZ-FM has evaluated subsequent events from the statement of assets, liabilities, and net assets date through October 20, 2020, 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, 2020**

**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 balance sheet date, comprise the following:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	<u>\$ 109,453</u>	<u>\$ 113,627</u>

The 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, 2020 is summarized below:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Radio equipment	\$ 270,590	\$ -	\$ (85,000)	\$ 185,590
Record collection	<u>106,000</u>	<u>-</u>	<u>-</u>	<u>106,000</u>
	376,590	-	(85,000)	291,590
Less accumulated depreciation and amortization	<u>(152,860)</u>	<u>(24,051)</u>	<u>85,000</u>	<u>(91,911)</u>
	<u>\$ 223,730</u>	<u>\$ (24,051)</u>	<u>\$ 85,000</u>	<u>\$ 199,679</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 – Capital Assets (Continued)**

Capital assets activity for the year ended June 30, 2019 is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Radio equipment	\$ 151,000	\$ 119,590	\$ -	\$ 270,590
Record collection	<u>106,000</u>	<u>-</u>	<u>-</u>	<u>106,000</u>
	257,000	119,590	-	376,590
Less accumulated depreciation and amortization	<u>(151,000)</u>	<u>(1,860)</u>	<u>-</u>	<u>(152,860)</u>
	<u>\$ 106,000</u>	<u>\$ (117,730)</u>	<u>None</u>	<u>\$ 223,730</u>

**NOTE 4 – Related-Party Transaction**

KKJZ-FM paid the Foundation programming fees of \$175,000 for the years ended June 30, 2020 and 2019.

**NOTE 5 – Risks Associated with the Impact of COVID-19**

KKJZ-FM's operations may be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, reduction in KKJZ-FM's revenue streams, which could result in a material impact on the KKJZ-FM's financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and management is in the process of evaluating the impact on KKJZ-FM and its financial statements.