

THE KBOO FOUNDATION

FINANCIAL STATEMENTS

Year Ended September 30, 2022



KERN ▲ THOMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

**THE KBOO FOUNDATION**  
**FINANCIAL STATEMENTS**  
**Year Ended September 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The KBOO Foundation  
Portland, Oregon

### Qualified Opinion

We have audited the accompanying financial statements of The KBOO Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our reports, the financial statements referred to above present fairly, in all material respects, the financial position of The KBOO Foundation as of September 30, 2022, 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.

### Basis for Qualified Opinion

We did not obtain sufficient appropriate audit evidence about the amount recognized for expenses because accounting controls were not in place over authorization and entry of expenditures in the accounting records. We were unable to obtain sufficient appropriate audit evidence about expenses by other auditing procedures.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The KBOO Foundation 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 The KBOO Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's 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 auditor's 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, including omissions, 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.

To the Board of Directors  
The KBOO Foundation

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 The KBOO Foundation'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 The KBOO Foundation'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 The KBOO Foundation's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern + Thompson, LLC*

Portland, Oregon  
January 11, 2024

**THE KBOO FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

**September 30, 2022**  
(With Comparative Totals as of September 30, 2021)

**ASSETS**

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 657,014	\$ 765,987
Accounts receivable	1,597	388
Prepaid expenses	15,172	12,496
<b>Total current assets</b>	<b>673,783</b>	<b>778,871</b>
Property and equipment - net	213,775	141,355
Investment - real estate	378,656	-
Beneficial interest in assets held by others	247,882	289,532
<b>Total assets</b>	<b>\$ 1,514,096</b>	<b>\$ 1,209,758</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 84,713	\$ 16,616
Accrued payroll and related liabilities	41,362	26,123
Refundable advance	-	103,961
<b>Total liabilities, all current</b>	<b>126,075</b>	<b>146,700</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	845,244	508,558
Board designated for operating reserve	200,000	200,000
Board designated endowment funds	247,882	289,532
Board designated capital fund	27,757	-
<b>Total without donor restrictions</b>	<b>1,320,883</b>	<b>998,090</b>
With donor restrictions	67,138	64,968
<b>Total net assets</b>	<b>1,388,021</b>	<b>1,063,058</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,514,096</b>	<b>\$ 1,209,758</b>

See notes to financial statements.

**THE KBOO FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2022**

(With Comparative Totals for the Year Ended September 30, 2021)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2022</b>	<b>2021</b>
<b>Revenues, gains and other support</b>				
Membership subscriptions	\$ 645,684	\$ -	\$ 645,684	\$ 616,300
Grants and contributions	96,488	27,495	123,983	278,542
PPP grant	103,961	-	103,961	89,568
Contributions of non-financial assets	397,929	-	397,929	94,108
Underwriting and advertising	3,509	-	3,509	1,161
Lease income	5,836	-	5,836	4,245
Investment return (loss)	(30,531)	-	(30,531)	73,576
Other income	3,205	-	3,205	3,325
	1,226,081	27,495	1,253,576	1,160,825
Net assets released from restrictions	25,325	(25,325)	-	-
<b>Total revenues, gains and other support</b>	<b>1,251,406</b>	<b>2,170</b>	<b>1,253,576</b>	<b>1,160,825</b>
<b>Expenses</b>				
Program services	618,117	-	618,117	694,579
Supporting services:				
Administration	115,345	-	115,345	59,147
Fundraising	195,151	-	195,151	169,343
Total expenses	<b>928,613</b>	<b>-</b>	<b>928,613</b>	<b>923,069</b>
<b>Change in net assets</b>	<b>322,793</b>	<b>2,170</b>	<b>324,963</b>	<b>237,756</b>
Net assets, beginning of year	998,090	64,968	1,063,058	825,302
<b>Net assets, end of year</b>	<b>\$ 1,320,883</b>	<b>\$ 67,138</b>	<b>\$ 1,388,021</b>	<b>\$ 1,063,058</b>

See notes to financial statements.

**THE KBOO FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2022**

(With Comparative Totals for the Year Ended September 30, 2021)

	<u>Program Services</u>	<u>SUPPORTING SERVICES</u>		<u>Total</u>	
		<u>Management and General</u>	<u>Fundraising</u>	<u>2022</u>	<u>2021</u>
Salaries and related expenses	\$ 363,965	\$ 16,781	\$ 115,970	\$ 496,716	\$ 478,614
Professional fees	34,905	84,041	6,935	125,881	105,356
Equipment purchases	6,102	116	757	6,975	2,887
Utilities, telephone & internet	44,132	2,151	16,431	62,714	58,687
Printing and postage	3,235	2,693	23,566	29,494	31,503
Broadcast rent and utilities	92,771	626	4,068	97,465	142,819
Maintenance-building and equipment	10,800	1,740	2,560	15,100	13,647
Advertising and marketing	796	5	672	1,473	2,187
Insurance	13,324	2,709	4,166	20,199	19,824
Bank fees	3,346	485	15,055	18,886	20,829
Dues	8,452	32	543	9,027	10,317
Other	19,014	2,302	3,085	24,401	14,181
Depreciation	17,275	1,664	1,343	20,282	22,218
	<u>\$ 618,117</u>	<u>\$ 115,345</u>	<u>\$ 195,151</u>	<u>\$ 928,613</u>	<u>\$ 923,069</u>

See notes to financial statements.

**THE KBOO FOUNDATION**

**STATEMENT OF CASH FLOWS**

**Year Ended September 30, 2022**

(With Comparative Totals for the Year Ended September 30, 2021)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 324,963	\$ 237,756
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,282	22,218
In-kind contribution of real estate	(378,656)	-
Net (gain) loss on investments	31,890	(70,606)
Changes in assets and liabilities:		
Accounts receivable	(1,209)	525
Prepaid expenses	(2,676)	369
Accounts payable	68,097	7,908
Accrued payroll and related liabilities	15,239	(4,758)
Refundable advance	(103,961)	14,393
<b>Net cash provided by (used in) operating activities</b>	<b>(26,031)</b>	<b>207,805</b>
<b>Cash flows from investing activities:</b>		
Distributions from beneficial interest in assets held by others	9,758	9,452
Purchase of property and equipment	(92,700)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(82,942)</b>	<b>9,452</b>
<b>Net change in cash and cash equivalents</b>	<b>(108,973)</b>	<b>217,257</b>
Cash and cash equivalents, beginning of year	765,987	548,730
<b>Cash and cash equivalents, end of year</b>	<b>\$ 657,014</b>	<b>\$ 765,987</b>

See notes to financial statements.

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022**

**NOTE A – DESCRIPTION OF ORGANIZATION**

The KBOO Foundation (the Foundation or Organization) is an Oregon non-profit corporation which operates an independent, member-supported, non-commercial, volunteer-powered community radio station in Portland, Oregon. KBOO embodies equitable social change, shares knowledge, and fosters creativity by delivering locally rooted and diverse music, culture, news and opinions, with a commitment to the voices of oppressed and underserved communities.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of New Accounting Pronouncements**

During the fiscal year ended September 30 2022, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit. It is important to note that the ASU 2020-07 did not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Contributions Revenue and Conditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

## THE KBOO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Contributions Revenue and Conditional Promises to Give (Continued)

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Bequests are recorded as revenue at the time the Foundation has an established right to the bequest and the proceeds are measurable.

The Foundation reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

##### Revenue Recognition

Revenue streams applicable to the Foundation that qualify as exchange transactions (primarily underwriting) are recognized as the on-air announcements are completed. Amounts received in advance are recorded as deferred revenue until the Foundation has satisfied the requirements of the contract. There were no advance payments at September 30, 2022.

##### Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

##### Cash and Cash Equivalents

The Foundation classifies as cash and cash equivalents all checking, savings, and money market accounts used for operating purposes.

##### Concentrations of Credit Risk

Receivables consist primarily of pledges and uncollected fees from program contracts, all of which are unsecured. No allowance for doubtful accounts has been recorded, as management believes all accounts are collectible, based on historical experience and knowledge of current circumstances. Uncollected fees over 90 days old are considered delinquent and are immaterial at September 30, 2022.

The Foundation has cash and cash equivalents which may exceed depository insurance limits. The Foundation makes such deposits with high credit quality entities and has not experienced any credit related losses.

## THE KBOO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Concentrations of Credit Risk (Continued)

Investments are valued at their fair value in the statement of financial position. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments, is also shown in the statement of activities as part of investment return.

Investment securities, including investments held by Oregon Community Foundation, are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

##### Endowment Investment and Spending Policies

The goal of the Foundation's investment program for funds held as Board designated endowment is to achieve a total rate of return that will allow the Foundation to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the Foundation follows a total return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Foundation endowment assets are invested in The Oregon Community Foundation (OCF) as an endowment partner.

The Foundation has adopted a spending policy based on the policies of its endowment partner, OCF, to determine the annual amount available for distributions from funds held as Board designated endowment. Each year OCF sets an annual payout rate for the coming year based on a 10-year projection of investment return. Currently, if the projected 10-year return is 9% or above, the payout for grants will be 5% of market value; if the projected 10-year return is below 9%, the payout for grants will be 4-1/2% of market value. Market value is determined using a 13-quarter trailing average of fund market value.

##### Contributed Services

The Foundation records various types of contributed services and materials. Contributed services are recognized at fair value 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. Contributions of tangible materials are recognized at fair value when received.

The Foundation's policy related to gifts-in-kind is to utilize the assets received to carry out its mission. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value, donated to another charitable organization, returned to the donor, or discarded.

## THE KBOO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Contributed Services (Continued)

The amounts reflected in the accompanying financial statements as contributed services and materials are offset by like amounts included in expenses or additions to property and equipment. Additionally, numerous volunteers have donated a significant number of hours to the Foundation. Although these services do not meet the criteria for recognition under generally accepted accounting principles, they are integral to the Foundation's mission. The Foundation had approximately 250 volunteers for the year ended September 30, 2022.

##### Property and Equipment

Property and equipment purchases in excess of \$1,500 individually are recorded at cost. Donated property is recorded at estimated fair value determined as of the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of individual assets, which range from 5 to 30 years.

##### 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.

##### Reclassifications

Certain prior year balances in the accompanying financial statements have been reclassified to conform to the current year presentation.

##### In-Kind Contributions

In 2022, the Foundation adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets received, qualitative information about whether the nonfinancial assets were monetized or utilized during the reporting period, the nonprofit's policy for monetizing or using nonfinancial assets, a description of donor-imposed restrictions associated with the assets, and the nonprofit's valuation techniques and inputs used to arrive at fair value measure, in accordance with Topic 820, Fair Value Measurement, at initial recognition.

In 2022, the Foundation was named as the beneficiary of an estate that included non-financial assets, specifically real estate. It is the Foundation's general policy to monetize nonfinancial assets upon receipt. The real estate was sold in December 2022 for \$378,656. The Foundation has used the sales prices to approximate the fair market value of the contribution.

THE KBOO FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Income Tax Status**

The Foundation has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code. Accordingly, donations made to the Foundation qualify as charitable contributions.

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

NOTE C – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair values are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments, exchange traded funds, and cash equivalents.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

**Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interest in assets held by others (Note D).

Fair value of the beneficial interest in assets held by others is determined by the Foundation's endowment partner, OCF, and is based upon the Foundation's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the Statement of Activities as investment return. There have been no changes in valuation techniques and related inputs.

Fair value of assets measured on a recurring basis at September 30, 2022 were:

		<u>Level 3</u>
Beneficial interest in assets held by others	\$	247,882
Investment - real estate		<u>378,656</u>
	\$	<u><u>626,538</u></u>

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2022**

**NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)**

For the year ended September 30, 2022, the changes in investments classified as Level 3 are as follows:

	Beneficial Interest	Real Estate	Total
Balance September 30, 2021	\$ 289,532	\$ -	\$ 289,532
Contributions	-	378,656	378,656
Net gains and (losses)	(31,892)	-	(31,892)
Distributions	(9,758)	-	(9,758)
Balance September 30, 2022	<u>\$ 247,882</u>	<u>\$ 378,656</u>	<u>\$ 626,538</u>

**NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

In December 2000, \$100,000 was transferred to the Oregon Community Foundation (OCF) in conjunction with the Board designated endowment fund. Variance power was not granted to OCF unless the Foundation ceases to exist or loses its tax exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Foundation each year.

**NOTE E – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at September 30, 2022 consist of:

Cash on hand and in checking/savings	\$ 439,577
Money market accounts (includes Board designated operating reserve)	215,796
Brokerage	<u>1,641</u>
	<u>\$ 657,014</u>

**NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30, 2022:

Land	\$ 23,709
Building and improvements	192,720
Office furniture and equipment	143,263
Production and broadcast equipment	1,209,614
Website design	<u>29,390</u>
	1,598,696
Less accumulated depreciation	<u>(1,384,921)</u>
	<u>\$ 213,775</u>

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2022**

**NOTE F – PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense for the year ended September 30, 2022 was \$20,282.

Several pieces of equipment were acquired with partial funding from the National Telecommunications and Information Administration, which retains a priority reversionary interest in the equipment. Equipment subject to the reversionary interest totaled \$17,283 and is included in property and equipment on page 3. The reversionary interest expired in April 2021.

**NOTE G – RESTRICTIONS ON NET ASSETS**

The Organization's net assets with donor restrictions consist of grants or bequests restricted for purpose.

**NOTE H – BOARD DESIGNATIONS OF NET ASSETS**

In addition to the Board designated endowment funds (see Note D), the Board has designated a portion of cash and unrestricted net assets as a three-month operating reserve for the future.

Board-designated net assets at September 30, 2022 consist of the following:

	<u>Without Donor Restrictions</u>
Operating reserve	\$ 200,000
Board-designated endowment	247,882
Board-designated capital fund	<u>27,757</u>
Total Board designated net assets	\$ <u><u>475,639</u></u>

**NOTE I – ENDOWMENT**

The Organization's endowment consists of funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board designated endowments are held at OCF.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the establishment of a set of prudent management and investment standards for boards to follow when managing endowment funds. A donor's intent to maintain an endowment in perpetuity must be considered and the fund managed accordingly.

## THE KBOO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

#### NOTE I – ENDOWMENT (CONTINUED)

As a result of this interpretation, the Organization classifies as restricted net assets-corpus not subject to expiration:

- The original value of gifts donated to the perpetual endowment.
- The original value of subsequent gifts to the endowment.
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument.

Changes in endowment net assets for the years ended September 30, 2022 are as follows:

	Board Designated Without Donor Restrictions
Endowment net assets, beginning of year	\$ 289,532
Investment gains (losses)	(31,892)
Distributions appropriated	<u>(9,758)</u>
Endowment net assets, end of year	\$ <u><u>247,882</u></u>

#### NOTE J – CONTRIBUTIONS OF NON-FINANCIAL ASSETS

At October 1, 2021, the Foundation adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard is applied on a retrospective basis to 2021. The standard increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets received, qualitative information about whether the nonfinancial assets were monetized or utilized during the reporting period, the nonprofit's policy for monetizing or using nonfinancial assets, a description of donor-imposed restrictions associated with the assets, and the nonprofit's valuation techniques and inputs used to arrive at fair value measure, in accordance with Topic 820, Fair Value Measurement, at initial recognition

The Foundation receives services and materials from individuals and from various organizations to help further its mission. These include underwriting trade services, professional services related to productions of programs, and other services. All gifts-in-kind received by the Foundation for the year ended September 30, 2022, were considered without donor restrictions and able to be used by the Foundation as determined by the board of directors and management.

In-kind contributions of contract services programming included in the Statement of Activities for the year ended September 30, 2022 totaled \$19,273. The Foundation received donated real property, which was recorded at fair market value of \$378,656.

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2022**

**NOTE K – LEASE COMMITMENTS**

The Foundation leases tower space for certain repeater stations from third parties under operating lease agreements for various terms ranging up to 5 years with renewal options.

The minimum rental commitments are summarized as follows:

September 30,		
2023	\$	87,603
2024		87,719
2025		82,258
2026		72,840
2027		68,635
Thereafter		68,635
	\$	467,690

Total rent expense for the year ended September 30, 2022 was \$76,095.

The Foundation subleases space on the towers to various unaffiliated not-for profit organizations on a month-to-month basis. Tower rental income is included as “lease income” in the Statement of Activities.

**NOTE L – EMPLOYEE BENEFIT PLAN**

The Foundation maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code covering eligible employees. Retirement contributions by the Foundation are at the discretion of the Board of Directors. Contributions totaling \$19,477 were made by the Foundation for the year ended September 30, 2022.

**NOTE M – CONCENTRATION OF SOURCE OF SUPPLY OF LABOR**

The Foundation’s staff, with the exception of management, (representing approximately 75% of the Foundation’s employees), are members of the Communications Workers of America Local 7901, Local #123, American. The Foundation’s contract with the union was signed on September 9, 2022. The Foundation’s management are not represented by a union.

**THE KBOO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2022**

**NOTE N – LIQUIDITY**

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of September 30, 2022:

Financial assets at year-end	
Cash and cash equivalents	\$ 657,014
Other receivables	1,597
Beneficial interest held by others	<u>247,882</u>
Total financial assets	<u>906,493</u>
Less amounts unavailable for general use within one year:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restriction	(67,138)
Board designations:	
Board-designated endowment fund	(247,882)
Capital fund	<u>(27,757)</u>
Total unavailable financial assets	<u>(342,777)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 563,716</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

**NOTE O – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 11, 2024, which is the date the financial statements were available to be issued.