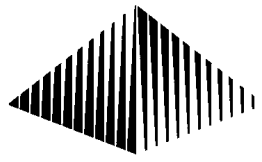


***KRVM - RADIO OF LANE COUNTY
SCHOOL DISTRICT NO. 4J
FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014***



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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INDEPENDENT AUDITOR'S REPORT

School Board
KRVM –Radio of
Lane County School District No. 4J
Eugene, Oregon

We have audited the accompanying financial statements of KRVM - Radio of Lane County School District 4J (the Station) which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the station's basic 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.

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. 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 Station'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 Station'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 KRVM - Radio of Lane County School District 4J as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


CERTIFIED PUBLIC ACCOUNTANTS

January 14, 2016

**KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

As management of KRVM - Radio of Lane County School District No. 4J (the Station), we offer readers of the Station's financial statements this narrative overview and analysis of the financial activities of the Station for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the Station exceeded its liabilities by \$196,677 at June 30, 2015. This amount is unrestricted and available to meet the Station's ongoing obligations to citizens and creditors.
- The activities of the year resulted in an increase of \$2,669 in its net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Station's financial statements. The Station's financial statements consist of five components: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Functional Expenses, 4) Statements of Cash Flows, and 5) Notes to the Financial Statements.

The Statements of Net Position. The statements of net position present information on all of the assets and liabilities of the Station as of the dates on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position. The statements of revenues, expenses and changes in net position present information showing how the net position of the Station changed over the most recent fiscal years by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The Statements of Functional Expenses. The statements of functional expenses present detailed information on the expenses of the Station for the years presented. Program Services include Programming Production, Broadcasting, and Program Information. Support Services include Management and General, Membership Development, and Underwriting and Grants. Expenses are detailed for each of these categories.

The Statements of Cash Flows. The statements of cash flows present information on the inflows and outflows of the Station's cash. The change in net cash is reconciled to the sources and uses of cash during the year.

The Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Station's financial statements.

FINANCIAL ANALYSIS

Statements of Net Position The statement of net position below is provided on a comparative basis.

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Station, assets exceeded liabilities by \$196,677 and \$194,008 as of June 30, 2015 and 2014, respectively.

	<i>June 30,</i>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,909	\$ 19,450
Accounts and other receivables	18,439	30,522
Receivable from Lane County School District 4J	7,735	3,593
<i>Total Current Assets</i>	<u>42,083</u>	<u>53,565</u>
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	164,993	212,622
<i>Total Assets</i>	<u>207,076</u>	<u>266,187</u>
LIABILITIES		
Current Liabilities		
Due to Lane County School District 4J	-	62,087
Accrued compensated absences	10,399	10,092
<i>Total Current Liabilities</i>	<u>10,399</u>	<u>72,179</u>
NET POSITION		
Unrestricted	<u>\$ 196,677</u>	<u>\$ 194,008</u>

Statements of Revenues, Expenses and Changes in Net Position During the current fiscal year, the Station's net position increased by \$2,669 compared to a decrease of \$17,094 in the prior fiscal year. The key elements of the change in the Station's net position for the year ended June 30, 2015 are as follows:

- Total revenues increased \$23,660 (3.5 percent) over the prior year.
- Program Services expenses decreased by \$4,673 (1.2 percent) from the previous year.
- Support Services expenses increased by \$8,570 (2.9 percent) from the previous year.

	<i>Year Ended June 30,</i>	
	<u>2015</u>	<u>2014</u>
REVENUES		
Contributions and membership	\$ 193,082	\$ 194,798
Underwriting	228,214	199,432
Lane County School District No. 4J		
Donated facilities and administrative support	42,153	42,379
Payment for services	4,078	4,252
Corporation for Public Broadcasting	128,644	128,855
In-kind contributions	54,885	56,035
Tower rental	43,962	45,607
	<hr/>	<hr/>
<i>Total Revenues</i>	695,018	671,358
EXPENSES		
Program services	383,852	388,525
Support services	308,497	299,927
	<hr/>	<hr/>
<i>Total Expenses</i>	692,349	688,452
	<hr/>	<hr/>
CHANGES IN NET POSITION	2,669	(17,094)
NET POSITION, Beginning of year	194,008	211,102
	<hr/>	<hr/>
NET POSITION, End of year	\$ 196,677	\$ 194,008
	<hr/> <hr/>	<hr/> <hr/>

REQUESTS FOR INFORMATION

This financial report is designed to present the user (listeners, taxpayers, investors, and other interested parties) with a general overview of the Station's finances and to demonstrate the Station's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Financial Services, P.M.B. #237, 1574 Coburg Road, Eugene, Oregon 97401.

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,909	\$ 19,450
Accounts receivable	18,439	30,522
Receivable from Lane County School District 4J	7,735	3,593
	<u>42,083</u>	<u>53,565</u>
Property and Equipment		
Studio and other broadcast equipment	577,586	562,407
License	139,622	139,622
Accumulated depreciation	(552,215)	(489,407)
	<u>164,993</u>	<u>212,622</u>
	<u>207,076</u>	<u>266,187</u>
LIABILITIES		
Current Liabilities		
Due to Lane County School District 4J	-	62,087
Accrued compensated absences	10,399	10,092
	<u>10,399</u>	<u>72,179</u>
NET POSITION		
Unrestricted	<u>\$ 196,677</u>	<u>\$ 194,008</u>

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

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES		
Contributions and membership	\$ 193,082	\$ 194,798
Underwriting	228,214	199,432
Lane County School District No. 4J		
Donated facilities and administrative support (in-kind)	42,153	42,379
Payment for services	4,078	4,252
Corporation for Public Broadcasting	128,644	128,855
In-kind contributions	54,885	56,035
Tower rental	43,962	45,607
	<u>695,018</u>	<u>671,358</u>
EXPENSES		
Program services		
Programming and production	84,422	80,808
Broadcasting	270,027	280,621
Program information	29,403	27,096
	<u>383,852</u>	<u>388,525</u>
Support services		
Management and general	161,476	160,818
Fundraising and membership development	43,679	44,392
Underwriting and grant solicitation	103,342	94,717
	<u>308,497</u>	<u>299,927</u>
	<u>692,349</u>	<u>688,452</u>
CHANGES IN NET POSITION	2,669	(17,094)
NET POSITION, Beginning of year	<u>194,008</u>	<u>211,102</u>
NET POSITION, End of year	<u>\$ 196,677</u>	<u>\$ 194,008</u>

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

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2015 AND 2014

2015

	<i>Program Services</i>			
	<i>Programming Production</i>	<i>Broadcasting</i>	<i>Program Information</i>	<i>Total</i>
Salaries, wages and benefits	\$ 84,422	\$ 81,765	\$ -	\$ 166,187
Property services	-	85,498	-	85,498
Professional services	-	34,784	-	34,784
Travel	-	-	-	-
Communication	-	-	29,403	29,403
Supplies and materials	-	3,953	-	3,953
Non-consumable items	-	-	-	-
Computer software and hardware	-	787	-	787
Dues and fees	-	432	-	432
Depreciation	-	62,808	-	62,808
<i>Total Expenses</i>	<u>\$ 84,422</u>	<u>\$ 270,027</u>	<u>\$ 29,403</u>	<u>\$ 383,852</u>

2014

	<i>Program Services</i>			
	<i>Programming Production</i>	<i>Broadcasting</i>	<i>Program Information</i>	<i>Total</i>
Salaries, wages and benefits	\$ 80,808	\$ 82,475	\$ -	\$ 163,283
Property services	-	88,091	-	88,091
Professional services	-	23,113	-	23,113
Travel	-	-	-	-
Communication	-	9,429	26,071	35,500
Supplies and materials	-	2,780	17	2,797
Non-consumable items	-	795	-	795
Computer software and hardware	-	2,093	-	2,093
Dues and fees	-	125	1,008	1,133
Depreciation	-	71,720	-	71,720
<i>Total Expenses</i>	<u>\$ 80,808</u>	<u>\$ 280,621</u>	<u>\$ 27,096</u>	<u>\$ 388,525</u>

<i>Support Services</i>			
<i>Management and General</i>	<i>Membership Development</i>	<i>Underwriting and Grants</i>	<i>Total</i>
\$ 116,203	\$ 30,935	\$ 103,342	\$ 250,480
11,744	-	-	11,744
17,616	-	-	17,616
928	-	-	928
401	8,342	-	8,743
8,615	4,402	-	13,017
92	-	-	92
114	-	-	114
5,763	-	-	5,763
-	-	-	-
<u>\$ 161,476</u>	<u>\$ 43,679</u>	<u>\$ 103,342</u>	<u>\$ 308,497</u>

<i>Support Services</i>			
<i>Management and General</i>	<i>Membership Development</i>	<i>Underwriting and Grants</i>	<i>Total</i>
\$ 114,607	\$ 31,318	\$ 94,717	\$ 240,642
11,832	-	-	11,832
16,831	-	-	16,831
4,694	-	-	4,694
201	8,594	-	8,795
12,344	4,480	-	16,824
-	-	-	-
-	-	-	-
309	-	-	309
-	-	-	-
<u>\$ 160,818</u>	<u>\$ 44,392</u>	<u>\$ 94,717</u>	<u>\$ 299,927</u>

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

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net position	\$ 2,669	\$ (17,094)
<i>Adjustments to reconcile change in net position to net cash provided by operating activities:</i>		
Depreciation	62,808	71,720
Change in assets and liabilities		
Accounts receivable	12,083	2,700
Receivable from Lane County School District 4J	(4,142)	(297)
Due to Lane County School District 4J	(62,087)	(80,339)
Accrued compensated absences	307	10,092
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	11,638	(13,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(15,179)	-
	<hr/>	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,541)	(13,218)
CASH AND CASH EQUIVALENTS, Beginning of Year	19,450	32,668
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, End of Year	\$ 15,909	\$ 19,450
	<hr/> <hr/>	<hr/> <hr/>
OTHER NONCASH ACTIVITY		
Donated revenues/expenses	\$ 97,038	\$ 98,414
	<hr/> <hr/>	<hr/> <hr/>

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

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

SUMMARY OF SIGNIFICANT PRINCIPLES AND POLICIES

Organization

KRVM - Radio (the Station) is operated by Lane County School District No. 4J, Eugene, Oregon (the institutional licensee). Lane County School District No. 4J records the activities of the Station in the District's financial statements. Because these financial statements present only a selected portion of the activities of Lane County School District No. 4J, they are not intended to and do not present the financial positions, results of operations and cash flows of the District as a whole.

These financial statements are prepared in accordance with generally accepted accounting principles and in compliance with the Corporation for Public Broadcasting (CPB), *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*, as required by the CPB. These financial statements meet the requirements established for use by governmentally licensed broadcast stations on the accrual basis of accounting.

Revenue Recognition and Deferred Revenue

Unrestricted contributions and pledges are recorded as revenue in the statement of revenues, expenses and changes in net position on the accrual basis. Grant funds are recorded as revenues when earned.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Station's checking account.

Accounts Receivable

The Station periodically reviews the collectability of accounts receivable and adjusts the allowance for doubtful accounts accordingly. Management believes that an allowance for doubtful accounts is not necessary at this time.

Property and Equipment

Property and equipment with a cost greater than \$5,000 and a life longer than a year are recorded at cost or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows:

Equipment	5-7 years
Buildings and improvements	20 years

Donated Facilities and Administrative Support

Donated facilities and administrative support are recorded as revenue and expense in the accompanying statements of revenues, expenses and changes in net position. Donated facilities from Lane County School District No. 4J consist of the Station's share (based upon the percentage of space occupied by the Station) of annual building and improvement costs, including an estimated allowance for facility deterioration based on the historical cost records of the District. Administrative support from Lane County School District No. 4J consists of allocated District support service costs and plant operation costs incurred by the District on behalf of the Station.

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2015 AND 2014

SUMMARY OF SIGNIFICANT PRINCIPLES AND POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the years ended June 30, 2015 and 2014. Actual results may differ from such estimates.

IN-KIND CONTRIBUTIONS

In-kind contributions of property and professional services recorded as revenue and expense in the accompanying statements of revenues, expenses and changes in net position consist of the estimated fair value of the following:

	<u>2015</u>	<u>2014</u>
Legal and other professional services	\$ 1,663	\$ 5,750
Rental value of space	6,895	6,610
Station operating expenses	42,731	39,652
Fundraising membership	3,596	4,023
	<u>\$ 54,885</u>	<u>\$ 56,035</u>

CONCENTRATIONS OF REVENUE

The Corporation for Public Broadcasting, the Station’s primary grantor agency, is a major source of grant revenue used for both operations and special projects. Should funding from CPB cease, the Station finances would be substantially impacted. There are currently no known indications that this funding will cease.

CLAIMS AND LITIGATION

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Corporation for Public Broadcasting. The amounts, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Station expects such amounts, if any, to be immaterial.

Management has represented that there are no contingent liabilities that require disclosure or recognition in accordance with FASB Accounting Standards Codification (ASC) 450, *Contingencies*. Such contingent liabilities would include, but not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

PENSION PLAN

The Station contracts with Lane County School District 4J for all employees who are members of PERS. All PERS contributions are made by the District on behalf of the Station.

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2015 AND 2014

AMOUNTS DUE TO A RELATED PARTY

There was no amount due to Lane County School District 4J as of June 30, 2015. The amount due to the District of \$62,087 as of June 30, 2014, represents amounts owed to the District for expenses paid on behalf of the station. There was no formal agreement between the two entities that defined the terms of repayment.

OPERATING LEASE PAYABLE

In March 2010, the Station entered into an operating lease with Combined Communications, Inc. (CCI) for the rental of building and broadcast tower usage. The agreement is for the term July 1, 2009 through June 30, 2019, with the option to renew the agreement in 2019 for an additional ten year period. The monthly rent payable to CCI is adjusted annually each July 1 based on the change (increase or decrease) in CPI with a maximum annual increase of 4%. For the year ended June 30, 2015, the gross rent amount was \$3,743 per month less \$561 in-kind donation to the Station, for a net cash payment of \$3,182 each month. For the year ended June 30, 2014, the gross rent amount was \$3,672 per month, less a \$551 in-kind donation to the Station, for a net cash payment of \$3,121 each month.

As of June 30, 2015, required minimum rent due to CCI related to this lease agreement, net of the in-kind donation, is as follows:

Amounts due during years ended June 30,

2016	\$ 38,180
2017	38,180
2018	38,180
2019	38,180
Total minimum required payments	<u><u>\$ 152,720</u></u>

NEW PRONOUNCEMENTS

The Station will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 72 "Fair Value Measurement and Application" addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement is effective for fiscal years beginning after June 15, 2015.

KRVM - RADIO OF LANE COUNTY SCHOOL DISTRICT NO. 4J
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2015 AND 2014

SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2016, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.