



# **Combined Basic Financial Statements**

**Jefferson Public Radio & The JPR Foundation, Inc.**

**For the years ending June 30, 2019 and 2018**

*The accompanying combined basic financial statements represent the financial position of Jefferson Public Radio, a public telecommunications entity owned and operated by Southern Oregon University. These statements include the Jefferson Public Radio related accounts of Southern Oregon University and the JPR related accounts of the JPR Foundation, Inc., a private tax-exempt corporation organized to support Jefferson Public Radio's public service mission.*

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

**FINANCIAL REPORT AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

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September 24, 2019

To JPR Foundation Board of Directors  
and Southern Oregon University  
Jackson County, Oregon

### INDEPENDENT AUDITORS' REPORT

Jefferson Public Radio and JPR Foundation, Inc.  
Jackson County, Oregon

#### **Report on the Basic Financial Statements**

We have audited the accompanying combined statement of financial position of Jefferson Public Radio (a Department of Southern Oregon University) and JPR Foundation, Inc. (JPR Related Accounts) (collectively known as the Organization), as of June 30, 2019 and the combined statements of activities, functional expenses and cash flows, and the related notes to the combined basic financial statements for the years then ended which comprise the combined basic financial statements.

#### **Management's Responsibility for the Basic Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these combined basic 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 audits to obtain reasonable assurance about whether the combined basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting estimates made by management, as well as evaluating the overall presentation of the combined basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Qualified Opinion**

Management chose not to include the combined financial position of Jefferson Live! LLC as of June 30, 2019 and 2018 and the related activities and cash flows for the years then ended, and the related notes to the combined basic financial statements. The JPR Foundation is the sole member of Jefferson Live! LLC; therefore, consolidation is required under the generally accepted accounting principles of the United States of America. At June 30, 2019 Jefferson Live! LLCs total assets were about \$9,325,000, total liabilities were about \$1,385,000, and total net assets were \$7,940,000. For the year ended June 30, 2019 total revenues were \$2,355,000 and total expenses were \$2,150,000.

### **Qualified Opinion**

In our opinion, except for the effects on the 2019 combined basic financial statements of excluding the Jefferson Live! LLC 2019 combined basic financial statements referred to in the Basis for Qualified Opinion paragraph, the combined basic financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Public Radio and JPR Foundation, Inc. as of June 30, 2019 and the activities, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter – New Accounting Standard**

The Organization adopted provisions of FASB ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities*. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter – The Financial Statements for the Year Ended June 30, 2018**

The combined basic financial statements for the year ended June 30, 2018 were audited by other auditors whose report dated October 31, 2018 issued a qualified opinion on those statements. The Organization had not consolidated JPR Foundation, Inc.'s wholly owned subsidiary Jefferson Live! LLC. The JPR Foundation is the sole member of Jefferson Live! LLC; therefore, consolidation is required under the generally accepted accounting principles of the United States of America. If the financial statements for Jefferson Live! LLC had been consolidated with those of the Organization, total assets and total liabilities would have been increased by about \$9,600,000 and \$1,400,000, respectively, as of June 30, 2018. Change in net assets would have increased by about \$1,400,000 for the year then ended.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the combined basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined basic financial statements or to the combined basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined basic financial statements as a whole.



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

## COMBINED BASIC FINANCIAL STATEMENTS

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combined Statements of Financial Position  
at June 30, 2019 and 2018

	2019	(Restated) 2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,032,951	\$ 1,708,129
Restricted cash	-	253,694
Investments	98,920	93,602
Pledges receivable, net	259,020	267,066
Other receivables, net	52,492	56,895
Prepaid expenses	14,945	49,742
Deposits	1,500	1,500
<b>Total Current Assets</b>	<u>2,459,828</u>	<u>2,430,628</u>
<b>Property and Equipment</b>		
Land	293,906	293,906
Buildings and equipment, net of accumulated depreciation	3,277,895	3,317,916
<b>Total Property and Equipment</b>	<u>3,571,801</u>	<u>3,611,822</u>
<b>Other Assets</b>		
Prepaid expenses, non-current	2,370	2,370
Mt. Baldy Communications, LLC	84,060	74,081
Intangible assets	1,964,461	1,964,461
<b>Total Other Assets</b>	<u>2,050,891</u>	<u>2,040,912</u>
<b>Total Assets</b>	<u>\$ 8,082,520</u>	<u>\$ 8,083,362</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 29,578	\$ 252,032
Accrued liabilities	147,947	153,602
Accrued vacation	93,200	78,512
Deferred income	78,287	66,257
Lease deposits	1,000	1,000
Current portion of long-term debt and obligation	45,000	38,422
<b>Total Current Liabilities</b>	<u>395,012</u>	<u>589,825</u>
Long-term debt, net of current portion	<u>1,255,000</u>	<u>1,298,623</u>
<b>Total Liabilities</b>	<u>1,650,012</u>	<u>1,888,448</u>
<b>Net Assets</b>		
Net assets without donor restrictions	<u>6,432,508</u>	<u>6,194,914</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,082,520</u>	<u>\$ 8,083,362</u>



**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combined Statements of Activities  
for the Years Ended June 30, 2019 and 2018

	Net assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Combined Total	(Restated) 2018 Combined Total
Revenues, Support and Other Income				
Revenues and support				
Membership and contributions	\$ 1,272,745	\$ -	\$ 1,272,745	\$ 1,348,659
Program underwriting	629,686	-	629,686	659,392
Southern Oregon University				
General appropriation	293,047	-	293,047	293,742
Indirect administrative support	856,693	-	856,693	925,425
Corporation for Public Broadcasting Grants	317,328	97,513	414,841	402,592
Other grants and planned gifts	92,511	44,310	136,821	78,354
Donated programs, services and materials	180,580	-	180,580	197,303
Fundraising activities and events	195,786	-	195,786	183,248
Jeffnet internet service royalties	8,158	-	8,158	28,399
Total Revenues and Support	<u>3,846,534</u>	<u>141,823</u>	<u>3,988,357</u>	<u>4,117,114</u>
Other Income				
Interest and dividend income	34,193	-	34,193	8,136
Realized and unrealized gain	3,606	-	3,606	9,202
Change in value of investment in Mt Baldy LLC	9,979	-	9,979	5,411
Net assets released from restrictions	141,823	(141,823)	-	-
Total Other Income	<u>189,601</u>	<u>(141,823)</u>	<u>47,778</u>	<u>22,749</u>
Total Revenues, Support and Other Income	<u>4,036,135</u>	<u>-</u>	<u>4,036,135</u>	<u>4,139,863</u>
Expenses				
Program services				
Programming and production	1,389,694	-	1,389,694	1,321,252
Broadcasting	1,345,984	-	1,345,984	1,452,684
Program information and promotion	274,306	-	274,306	268,646
Total Program Services	<u>3,009,984</u>	<u>-</u>	<u>3,009,984</u>	<u>3,042,582</u>
Supporting services				
Management and general	256,678	-	256,678	361,241
Fundraising and membership development	327,514	-	327,514	321,333
Underwriting and grant solicitation	222,696	-	222,696	213,463
Depreciation	157,364	-	157,364	65,643
Total Supporting Services	<u>964,252</u>	<u>-</u>	<u>964,252</u>	<u>961,680</u>
Total Expenses	<u>3,974,236</u>	<u>-</u>	<u>3,974,236</u>	<u>4,004,262</u>
Operating Income	61,899	-	61,899	135,601
Non-Operating Income				
Display advertising	43,369	-	43,369	51,937
Rents and royalties	130,692	-	130,692	132,809
Miscellaneous income	1,634	-	1,634	12,467
Contributed proceeds from SOU bond agreement	-	-	-	170,000
Total Non-Operating Income	<u>175,695</u>	<u>-</u>	<u>175,695</u>	<u>367,213</u>
Change in Net Assets	237,594	-	237,594	502,814
Net Assets at Beginning of Year	6,194,914	-	6,194,914	5,692,100
Net Assets at End of Year	<u>\$ 6,432,508</u>	<u>\$ -</u>	<u>\$ 6,432,508</u>	<u>\$ 6,194,914</u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

## Schedule of Functional Expenses by Program Services

for the Year Ended June 30, 2019

	<b>Program Services</b>			<b>Total</b>
	<b>Programing &amp; Production</b>	<b>Broadcasting</b>	<b>Program Information &amp; Promotion</b>	
Salaries and benefits	\$ 676,956	\$ 242,302	\$ 62,469	\$ 981,727
Advertising	1,690	482	106,387	108,559
Bad debts	100	-	-	100
Dues and subscriptions	6,772	5,267	-	12,039
Telephone / data lines	4,508	76,068	-	80,576
Postage	29	582	10,840	11,451
Printing	-	-	23,522	23,522
Insurance	-	5,784	-	5,784
Interest	-	59,355	-	59,355
Programming	382,550	34,251	-	416,801
Professional services / contract labor	147	13,944	7,117	21,208
Legal	-	36,000	-	36,000
Repairs, maintenance and equipment	-	154,308	-	154,308
Property leases	-	218,121	-	218,121
Utilities	-	118,012	-	118,012
Property taxes	-	1,902	-	1,902
Service and supplies	7,052	8,710	2,208	17,970
Special projects	205	-	-	205
Travel	3,708	19,433	-	23,141
Donated services and materials	-	45,635	-	45,635
Indirect admin. support	305,977	305,828	61,763	673,568
<b>Total Expenses</b>	<b>\$ 1,389,694</b>	<b>\$ 1,345,984</b>	<b>\$ 274,306</b>	<b>\$ 3,009,984</b>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**Statement of Functional Expenses by Supporting Services  
for the Year Ended June 30, 2019**Supporting Services**

	<u>Management &amp; General Operating</u>	<u>Fundraising &amp; Membership Development</u>	<u>Underwriting &amp; Grant Solicitation</u>	<u>Depreciation</u>	<u>Total</u>
Salaries and benefits	\$ 134,933	\$ 94,641	\$ 157,451	\$ -	\$ 387,025
Advertising	69	519	-	-	588
Bank and credit card fees	904	23,998	-	-	24,902
Bad debts	-	-	9,991	-	9,991
Dues and subscriptions	290	-	-	-	290
Telephone / data lines	3,102	788	-	-	3,890
Postage	1,511	14,995	-	-	16,506
Printing	-	10,866	-	-	10,866
Insurance	1,563	-	-	-	1,563
Professional services/contract labor	17,240	33,746	4,542	-	55,528
Legal	285	-	-	-	285
Service and supplies	20,942	3,552	447	-	24,941
Special events	-	67,908	414	-	68,322
Travel	2,287	-	-	-	2,287
Donated services and materials	15,060	1,719	-	-	16,779
Indirect admin. support	58,492	74,782	49,851	-	183,125
Depreciation	-	-	-	157,364	157,364
Total Expenses	<u>\$ 256,678</u>	<u>\$ 327,514</u>	<u>\$ 222,696</u>	<u>\$ 157,364</u>	<u>\$ 964,252</u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combined Statements of Cash Flows

for the Years Ended June 30, 2019 and 2018

	2019	(restated) 2018
Cash Flows from Operating Activities		
Change in net assets	\$ 237,594	\$ 502,814
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	157,364	65,643
Bad debt expense	69,881	-
Realized and unrealized gain/(loss) on investments, net	(3,605)	(9,202)
Change in value of investment in Mt Baldy LLC	(9,979)	(5,411)
Contribution restricted for long term investment	-	(170,000)
Increase (decrease) in operating assets		
Pledges receivable	(51,745)	(26,541)
Other receivables	(5,687)	45,574
Prepaid expenses	34,797	(22,656)
Increase (decrease) in operating liabilities		
Accounts payable	(222,454)	131,376
Accrued liabilities	(5,655)	27,141
Accrued vacation	14,688	6,204
Deferred income	12,030	2,030
Net Cash Provided (Used) by Operating Activities	<u>227,229</u>	<u>546,972</u>
Cash Flows from Investing Activities		
Net sales / purchases if of investments	(1,713)	338
Purchase of property and equipment	(117,343)	(2,560,808)
Assets restricted under bond indenture	-	1,330,000
Net Cash Provided (Used) by Investing Activities	<u>(119,056)</u>	<u>(1,230,470)</u>
Cash Flows from Financing Activities		
Payments on long-term debt	(37,045)	(9,616)
Proceeds from contributions restricted for long term investment	-	170,000
Net Cash Provided (Used) by Financing Activities	<u>(37,045)</u>	<u>160,384</u>
Net Increase (Decrease) in Cash and Cash Equivalents	71,128	(523,114)
Cash and Cash Equivalents at Beginning of Year	<u>1,961,823</u>	<u>2,484,937</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,032,951</u>	<u>\$ 1,961,823</u>
Classification of Cash		
Cash and cash equivalents	2,032,951	1,708,129
Restricted cash	-	253,694
Total Cash	<u>2,032,951</u>	<u>1,961,823</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 55,148</u>	<u>\$ 13,646</u>

NOTES TO THE  
COMBINED BASIC FINANCIAL STATEMENTS

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
**June 30, 2019 and 2018**

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**1. NATURE OF OPERATIONS**

Jefferson Public Radio (JPR) is operated by Southern Oregon University (SOU) as an outreach program of its regional educational mission. SOU is a State of Oregon public university governed by a Board of Trustees. JPR provides public broadcasting services to listeners in Southern Oregon and Northern California.

The JPR Foundation, Inc. (the Foundation) was established in 1997 to support JPR's educational and public service mission. The Foundation is an Oregon nonprofit, tax-exempt organization governed by a Board of Directors.

Jefferson Public Radio and JPR Foundation will collectively be referred to as the Organization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The combined basic financial statements of the Organization are presented on the accrual basis of accounting.

**PRINCIPLES OF COMBINATION**

The combined basic financial statements of Jefferson Public Radio and the JPR Foundation, Inc. include the JPR Foundation and Southern Oregon University accounts related to Jefferson Public Radio. Though not required under generally accepted accounting principles, the JPR Foundation has been combined with Jefferson Public Radio to provide full disclosure of Jefferson Public Radio's activities. All intercompany accounts and transactions have been eliminated. The combined basic financial statements do not include the financial activities of JPR Foundation's wholly owned limited liability company Jefferson Live!, LLC.

**USE OF ESTIMATES**

Preparation of the combined basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
**June 30, 2019 and 2018**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**BASIS OF PRESENTATION**

The accompanying basic financial statements were prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14. Under FASB ASU 2016-14, information regarding financial position and activities are reported according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Receipts, gains and other support that have no external restrictions on their use or purpose and can be used for any purpose consistent with bylaws are reported as net assets without donor restrictions. Net assets without donor restrictions include all assets available for general purposes.

Net Assets With Donor Restrictions – Contributions that are received with donor stipulation or by law that limit their use are recorded as net assets with donor restrictions. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulation that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor imposed restrictions.

The Board of Directors have interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donations to be held in perpetuity absent explicit donor stipulations to the contrary. As a result of this interpretation, donations to be held in perpetuity are recorded as (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the net assets with donor restrictions be made in accordance with the direction of the applicable donor gift instrument at the time the accumulation as added to net assets with donor restrictions to be held for perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets.

**CONTRIBUTIONS**

Contributions are recorded in accordance with FASB ASU 2016-14. Contributions received are recorded as with donor restriction or without donor restriction depending on the existence and/or nature of donor and legal restrictions. Contributions with donor restrictions received and released in the same year are recorded as contributions with donor restrictions.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
**June 30, 2019 and 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NONCASH CONTRIBUTIONS**

Noncash contributions are recorded as revenue at their estimated fair value at the date of receipt.

Noncash contributions of \$180,580 and \$197,303 consisting of donated programs, promotions, services and materials were received during the years ended June 30, 2019 and 2018, respectively.

**CASH AND CASH EQUIVALENTS**

For purpose of the statement of cash flows, all highly liquid investments with an original maturity of three months or less from the date of purchase are considered to be cash equivalents.

**RESTRICTED CASH**

There was cash restricted by Southern Oregon University for the purpose of building the facility of JPR. There was restricted cash of \$253,694 at June 30, 2018. During the year ended June 30, 2019 the cash was used for its intended purpose. Therefore, there was no longer a restricted cash balance at June 30, 2019.

**PLEDGES RECEIVABLE**

Unconditional pledges receivable, less an allowance for uncollectible amounts, are recognized as revenues in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. The allowance for uncollectible pledges is an estimate based on management's knowledge of historical pledge collection rates.

**INDIRECT ADMINISTRATIVE SUPPORT**

A portion of the general overhead costs of Southern Oregon University relates to and benefits JPR. Such items include administrative costs, utilities, maintenance and repairs. These services were provided without cost. The fair value of these services have been allocated to JPR and reported as revenue and expense in the accompanying combined statement of activities.

**ADVERTISING EXPENSE**

Advertising costs are expensed as they are incurred. Advertising expenses for the years ended June 30, 2019 and 2018 were \$109,147 and \$102,788 respectively.



**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
**June 30, 2019 and 2018**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS

FASB ACS 820-10 establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant, observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, and others)

Level 3 – significant unobservable inputs

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of long-term pledge receivables is estimated as the present value of future cash flows determined using an estimated risk-free interest rate. There was no discount in 2019 or 2018. Investments in equity mutual funds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Investments in bond mutual funds are valued using a matrix pricing model that considered quoted prices for similar securities, if available, interest rates, prepayment spreads and credit risks.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain investments could result in a different fair value measurement at the reporting date.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-basis. Interest income is recorded on the accrual basis. Net appreciation includes the gain and losses on investments bought and sold during the year, as well as market gain or loss on investments held during the year. Dividends are recorded on the ex-dividend date. Expenses related to investment revenue, including custodial fees and advisory fees have been netted against investment revenues in the accompanying combined statements of activities.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
**June 30, 2019 and 2018**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Purchases of property and equipment are recorded at cost. Purchases exceeding \$5,000 for equipment, property and buildings with a useful life in excess of one year are capitalized. Costs of repairs and maintenance are expensed as incurred. Expenditures for property, equipment and major repairs that extend useful lives or add function are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Donated property and equipment is recorded at estimated fair value at the date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service.

Property and equipment is depreciated using the straight-line method over estimated useful lives ranging from three to thirteen years for equipment and ten to forty years for buildings.

PROGRAM UNDERWRITING

Revenue for program underwriting is recognized over the period covered. Expenditures of unrestricted funds are recognized as expenses when incurred. Costs incurred for programs that have not been broadcast are recorded as prepaid expenses. Prepaid expenses related to program underwriting for the years ended June 30, 2019 and 2018 were \$8,695 and \$8,708, respectively.

3. TAX STATUS

Jefferson Public Radio is a department of Southern Oregon University and is exempt from federal and state income tax as a governmental entity. JPR Foundation, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

Revenue from sales of advertising in the JPR Foundation's Jefferson Journal publication is subject to tax on unrelated business income. At June 30, 2019 and 2018 no tax was due from this activity because the revenue does not exceed the expense of production and distribution of the program guide.

U.S. Generally Accepted Accounting Principles require management to evaluate tax positions taken and recognize a tax liability (or asset) if an uncertain position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service. The entity is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in process. Management believes it is no longer subject to income tax examinations for years prior to 2015.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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**4. FUNCTIONAL EXPENSES**

The Statements of Functional Expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated across program services and supporting services based on estimated time and effort.

**5. LIQUIDITY**

Financial assets available within one year of the balance sheet date for general expenditures are as follows at June 30, 2019:

Cash and cash equivalents	\$ 2,032,951
Pledges receivable, net	259,020
Other receivables, net	<u>52,492</u>
Financial assets, at year end	2,344,463
Less those unavailable for general expenditures within one year, due to:	
Board designations:	
Amounts set aside for operating reserves	(850,000)
Amounts set aside for capital reserves	<u>(300,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,194,463</u></u>

Some support is from restricted grants and contributions. Because a grantor's / donor's restriction requires resources to be used in a particular manner, sufficient resources must be maintained to meet those responsibilities. However, all restrictions were met in the same year the grants and contributions were received. As part of liquidity management, there is a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. Operating reserves are intended for use if the operations bank account is reduced to the point of being in danger of becoming overdrawn. Capital reserves are intended for emergency situations related to capital assets. In addition, cash in excess of daily requirements is invested in short term investments, such as money markets.

**6. ADOPTION OF A NEW ACCOUNTING STANDARD**

In August 2016, the FASB issued ASU 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities*, which became effective for annual financial statements issued for fiscal years beginning after December 15, 2017. This update amends the presentation and note disclosures in not-for-profit entities.

FASB ASU 2016-14 replaces the previous three classes of net assets (unrestricted, temporarily restricted and permanently restricted) with two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. This change has been retroactively applied to these combined basic financial statements.

**Jefferson Public Radio and JPR Foundation, Inc.**  
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6. ADOPTION OF A NEW ACCOUNTING STANDARD (CONTINUED)

Under FASB ASU 2016-14 presentation or disclosure of the indirect method (reconciliation) is no longer required when using the direct method of presenting operating cash flows. The indirect method of presenting operating cash flow is used so this amendment is not applicable.

FASB ASU 2016-14 adds additional disclosures for (1) amounts and purposes of governing board designations that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period, (2) composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources, (3) qualitative information that communicates how liquid resources are managed to meet cash needs for general expenditures within one year of the balance sheet date, (4) quantitative information that communicates the availability of financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date, (5) methods used to allocate costs among program and support functions, and (6) underwater endowment funds. The impact of these additional disclosures on the combined basic financial statements is as follows:

- Disclosure of the details of self-imposed limits on resources without donor-imposed limits have been added and applied at Note 5.
- As far as how FASB ASU 2016-14 relates to the composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources is concerned, the adoption of the update did not have a significant impact on the basic financial statements. There are no net assets with donor restrictions at June 30, 2019 and 2018.
- FASB ASU 2016-14 does not require retroactive application of disclosures in comparative financial statements for (1) qualitative information that communicates how liquid resources are managed to meet cash needs for general expenditures within one year of the balance sheet date, or (2) quantitative information that communicates the availability of financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Management has determined not to retroactively apply these disclosures in comparative financial statements; therefore, Note 5 only includes this information for the current year.
- Methods used to allocate costs among program services and support services have been added at Note 4 and have been retroactively applied.
- There were no endowment funds during the years ended June 30, 2019 and 2018.

Under FASB ASU 2016-14 investment return is now reported net of external and internal investment expenses and no longer requires disclosure of those netted expenses. However, it is permissible to still disclose investment expenses that were netted into the investment return. This update did not have significant impact on the combination basic financial statements.

FASB ASU 2016-14 requires analysis of both natural classification and functional classification, which can be presented on either the face of the statement of activities, as a schedule in the notes to the basic financial statements, or as a separate basic financial statement. Management has opted to present this information as a separate basic financial statement. FASB ASU 2016-14 does not require retroactive application, but retroactive application is permitted. Management has opted to present this analysis proactively.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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**7. CONCENTRATIONS OF CREDIT RISK**

The JPR Foundation maintains accounts at multiple banks. In the case of deposits, there is a risk that in the event of a bank failure, the deposits may not be returned. As of June 30, 2019 and 2018 the uninsured bank balances were \$16,966 and \$257,324 respectively.

The Foundation maintains a brokerage account for its long-term investments. The brokerage account is insured by the Securities Investors Protection Corporation (SIPC) to a maximum amount of \$500,000 with a limit of \$250,000 for cash. The SIPC covers the account in the event of investment firm failure, but not for market fluctuations in the value of the account. The value of the equity and bond fund securities in the account was \$98,920 and \$93,602 at June 30, 2019 and 2018, respectively. The value of money markets in the account was \$1,794,774 and \$60,338 at June 30, 2019 and 2018, respectively, which are included on the combined statements of net position as part of cash and cash equivalents. Money market balances above \$250,000 are not insured by SIPC. Money markets are tier 1 within the fair value hierarchy.

**8. PLEDGES RECEIVABLE**

In May of 2017, the Foundation entered into an Agreement to Exchange Services and Support with Southern Oregon University. As part of this agreement, the Foundation agreed to provide \$2,053,914 over a 20-year period to the University to support construction of a new broadcast facility for JPR on the SOU campus. These payments reimburse the University for its portion of debt service associated with 2017 Series 1 General Obligation Bonds issued by the State of Oregon expressly for this project. The total support was discounted utilizing the University's estimated earnings rate on the Public University Fund investment pool of 2%. The discounted obligation as of June 30, 2018 and 2017 was \$1,610,812 and \$1,674,103, respectively. The university elected to account for this receivable within its JPR department. Since the Foundation and JPR are combined, the pledge receivable associated with the Foundation's contribution was eliminated in the combined financial statements.

Pledges receivable are summarized as follows on June, 30:

	2019	2018
Pledges expected to be collected in less than one year	\$ 270,941	\$ 275,326
Less allowance for uncollectible pledges	(11,921)	(8,260)
Net pledges receivable due in less than one year	\$ 259,020	\$ 267,066

**9. INVESTMENT IN LIMITED LIABILITY COMPANY**

During the year ended June 30, 2004, the Foundation contributed \$33,750 to the capital of Mt. Baldy Communications, LLC in exchange for a 15% ownership interest in the Limited Liability Company. Mt. Baldy Communications, LLC owns and operates a communication site on Baldy Mountain in Jackson County, Oregon. The investment is recorded at 15% of the LLC's value. At June 30, 2019 and 2018 the Foundation's interest in Mt. Baldy Communications, LLC was \$84,060 and \$74,081, respectively.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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**10. INVESTMENTS**

Long-term investments are stated at fair market value and are summarized as follows on June 30:

Assets at Fair Value as of June 30, 2019				
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 75,779	\$ -	\$ -	\$ 75,779
Bond fund	-	23,141	-	23,141
	\$ 75,779	\$ 23,141	\$ -	\$ 98,920

Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 71,632	\$ -	\$ -	\$ 71,632
Bond fund	-	21,970	-	21,970
	\$ 71,632	\$ 21,970	\$ -	\$ 93,602

**11. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, less accumulated depreciation, on June 30:

	July 1, 2018 (as restated)	Additions	Deletions	June 30, 2019
Capital Assets, Non-Depreciable				
Land	\$ 293,906	\$ -	\$ -	\$ 293,906
Capital Assets, Depreciable				
Building	\$ 2,708,795	\$ 41,205	\$ -	\$ 2,750,000
Equipment	3,213,114	76,138	-	3,289,252
Total Capital Assets, Depreciable	5,921,909	117,343	-	6,039,252
Building	5,215	62,579		67,794
Equipment	2,598,778	94,785	-	2,693,563
Total Accumulated Depreciation	2,603,993	157,364	-	2,761,357
Total Net Capital Assets, Depreciable	\$ 3,317,916			\$ 3,277,895
Total Property and Equipment	\$ 3,611,822			\$ 3,571,801

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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**11. PROPERTY AND EQUIPMENT (CONTINUED)**

	July 1, 2017 (as restated)	Additions	Transfers	June 30, 2018 (as restated)
Capital Assets, Non-Depreciable				
Building	\$ 426,256	\$ 2,282,539	\$ (2,708,795)	\$ -
Land	293,906	-	-	293,906
Total Capital Assets, Non-Depreciable	<u>\$ 720,162</u>	<u>\$ 2,282,539</u>	<u>\$ (2,708,795)</u>	<u>\$ 293,906</u>
Capital Assets, Depreciable				
Building	\$ -	\$ -	\$ 2,708,795	\$ 2,708,795
Equipment	2,940,781	272,333	-	3,213,114
Total Capital Assets, Depreciable	2,940,781	272,333	2,708,795	5,921,909
Building	-	5,215	-	5,215
Equipment	2,533,135	65,643	-	2,598,778
Total Accumulated Depreciation	2,533,135	70,858	-	2,603,993
Total Net Capital Assets, Depreciable	<u>\$ 407,646</u>			<u>\$ 3,317,916</u>
Total Property and Equipment	<u>\$ 1,127,808</u>			<u>\$ 3,611,822</u>

**12. INTANGIBLE ASSETS**

On June 30, 2019 and 2018 intangible assets consisted of purchased and donated licenses for radio stations. The purchased licenses covered the following radio stations: KNHT, KTBR, KOOZ, KMJC, KHEC, KSYS, KJPR, and KNHM, and the FM broadcast translator K272FC. The donated licenses covered the following stations: KSJK, KPMO, and KAGI. Purchased licenses are recorded at cost, and donated licenses are recorded at the fair market value at the time of donation. Under generally accepted accounting principles, the carrying amount of these licenses is not amortized but is reduced if management determines that its implied fair value has been impaired.

On June 30, 2019 and 2018 intangible assets consist of the following:

	<u>2019</u>	<u>2018</u>
Purchased licenses recorded at cost	\$ 1,665,959	\$ 1,665,959
Donated licenses recorded at fair market value	298,502	298,502
Total intangible assets	<u>\$ 1,964,461</u>	<u>\$ 1,964,461</u>

Twelve FM stations were established on frequencies awarded by the Federal Communications Commission. Broadcasting equipment used to operate the stations is included in these combined basic financial statements. No value was recorded for radio licenses when awarded. Awarded station licenses include: KSOR, KSRG, KSRS, KNYR, KLMF, KSMF, KSBA, KSKF, KNCA, KNSQ, KLDD and KZBY.

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**13. LONG-TERM DEBT AND OBLIGATIONS**

**OBLIGATIONS OF JPR TO SOUTHERN OREGON UNIVERSITY**

In May of 2017, JPR entered into a \$1,330,000 long-term obligation with Southern Oregon University Internal Bank. JPR effectively contributed support to Southern Oregon University that will be financed over a 20 year term. Interest installments commenced on June 1, 2017 and are payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup> of each year. Principal installments commence on July 1, 2018 and continue annually through July 1, 2037 (maturity date). The contributed funds support Southern Oregon University's debt service associated with 2017 Series 1 General Obligation Bonds issued to build a new facility for JPR. There is also a \$5,000 equipment bond which can't be paid off until maturity, which is August 1, 2034.

**OBLIGATIONS OF THE FOUNDATION**

On September 9, 2003, the Foundation entered into a note payable to U.S. Bank in the amount of \$75,000. The note required 59 monthly principal and interest payments of \$855 including interest at 6.5%. The note was amended on September 10, 2008 to require 120 monthly principal and interest payments of \$518 including interest at 7.24% per annum. The note was paid off during the year ended June 30, 2019. The note was secured by real estate located in Redding, California.

In May of 2017, the Foundation entered into an Agreement to Exchange Services and Support with Southern Oregon University. The Foundation agreed to provide \$2,053,914 in support to the University that will be paid over a 20 year period to the University to support construction of a new broadcast facility for JPR on the SOU campus. The total support was discounted utilizing the University's estimated earnings rate on the Public University Fund investment pool of 2%. The discounted obligation as of June 30, 2019 and 2018 was \$1,610,812 and \$1,674,103, respectively. These payments reimburse SOU's debt service associated with 2017 Series 1 General Obligation Bonds issued to build the new facility. This amount was eliminated in the combined financial statements as the University elected to account for its receivable in its JPR department. As a result, the future required minimum payment will not be shown in the future minimum payment schedule below.

The balance of long-term debt and obligations as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018 (restated)</u>
Note payable with Southern Oregon University Internal Bank	\$ 5,000	\$ 5,000
Long-term obligation with Southern Oregon University Internal Bank	1,295,000	1,330,000
Note payable to U.S. Bank	<u>-</u>	<u>2,045</u>
Subtotal	1,300,000	1,337,045
Less current portion	(45,000)	(38,422)
Total	<u>\$ 1,255,000</u>	<u>\$ 1,298,623</u>



**Jefferson Public Radio and JPR Foundation, Inc.**  
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**13. LONG-TERM DEBT AND OBLIGATIONS (CONTINUED)**

Future maturities of long-term debt and obligations as of June 30, 2019 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 45,000	\$ 58,225	\$ 103,225
2021	45,000	55,975	100,975
2022	45,000	53,725	98,725
2023	50,000	51,350	101,350
2024	50,000	48,850	98,850
2025-2029	300,000	202,000	502,000
2030-2034	385,000	118,250	503,250
2035-2038	380,000	30,700	410,700
Total	<u>\$1,300,000</u>	<u>\$ 619,075</u>	<u>\$1,919,075</u>

**14. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from restrictions for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
CPB Grant, Radio Program and Broadcast	\$ 97,513	\$ 93,235
Okie Trust Endowment, Radio Operations	44,310	45,371
Unruh Grant Fund	-	4,576
Total net assets released from restriction	<u>\$ 141,823</u>	<u>\$ 143,182</u>

**15. CONTINGENT LIABILITIES**

There are recorded liens on equipment paid with grants from NTIA, U.S. Department of Commerce. These liens provide the Federal government with rights to recover its share of the cost of the equipment purchased under NTIA grants during ten-year periods. In the event the station, during those periods, ceases to use said equipment for public radio purposes, it must return the grant funds reported by NTIA. Total liens at June 30, 2019 and 2018 were \$192,831 for both years. These liens expire on August 31, 2021. These are properly not reported in the basic combined financial statements.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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16. GUARANTEES

During fiscal 2017, the Foundation entered into a Corporate Guarantee and Pledge of Assets agreement with U.S. Bank in which the Foundation guaranteed payment of all present and future indebtedness, obligations, and liabilities owed to U.S. Bank by its wholly owned subsidiary organization Jefferson Live! LLC. The Foundation would be required to perform under the guarantee if Jefferson Live! LLC failed to make scheduled principal and interest payments. The loans were transferred to Holly Theatre LLC and Cascade Theatre during the year ended June 30, 2019. The Foundation's maximum potential amount of future payments under the guarantee are as follows:

- As of June 30, 2019, Holly Theatre, LLC owed U.S. Bank \$364,706 associated with its purchase of the Holly Theatre. Total remaining debt service (principal and interest) is \$405,541 and the obligation matures on December 31, 2021. The obligation is secured by real property known as 226 West 6<sup>th</sup> Street, Medford, Oregon, of which the proceeds associated with the liquidation of such assets would be utilized to offset amounts owed to U.S. Bank.
- As of June 30, 2019, Cascade Theatre owed U.S. Bank \$739,601 associated with its purchase of the Cascade Theatre. Total remaining debt service (principal and interest) is \$1,051,336 and the obligation matures on February 6, 2032. The obligation is secured by real property known as 1725 Market St., Redding, California, of which the proceeds associated with the liquidation of such assets would be utilized to offset amounts owed to U.S. Bank.

As of June 30, 2019 and 2018, in accordance with applicable accounting standards, the Foundation has not recorded a liability associated with the guarantees.

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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17. OPERATING LEASES

EXPENSE

Jefferson Public Radio and the JPR Foundation have entered into various leases for transmitter and translator sites. The leases expire at various dates ranging from April 30, 2020 to September 30, 2029. For the years ended June 30, 2019 and 2018 rental expense was \$218,121 and \$211,827 respectively. As of June 30, 2019 minimum annual lease payments for leases with terms in excess of one year are as follows:

2020	\$ 135,691
2021	90,493
2022	48,640
2023	39,039
2024	26,250
2025-2029	106,303
2030	2,745
Total	<u>\$ 449,161</u>

INCOME

Jefferson Public Radio and the JPR Foundation also sublease sites to other parties. For the years ended June 30, 2019 and 2018 rental income totaled \$130,692 and \$132,809, respectively. Subleases expire on dates ranging from May 31, 2020 to September 30, 2029. As of June 30, 2019 minimum annual future receipts for subleases with terms in excess of one year are as follows:

2017	\$ 126,465
2018	123,803
2019	121,460
2020	111,510
2021	98,385
2022-2026	471,173
2027-2030	105,241
Total	<u>\$ 1,158,037</u>

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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**18. SUBSEQUENT EVENTS**

Subsequent events have been evaluated for the year ended June 30, 2019 through September 24, 2019, the issuance date of the combined basic financial statements. No subsequent events were noted by management that required note disclosure.

**19 PRIOR PERIOD ADJUSTMENT**

The previously issued financial statements have been restated to comply with FASB ASU 2016-14. The three classes of net assets (unrestricted, temporarily restricted and permanently restricted) have been replaced by two new classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Total net assets were not affected by the application of FASB ASU 2106-14. Money market accounts previously reported as investments are now reported as part of cash and cash equivalents. Revenue accounts have been reclassified to agree with current year's presentation per recommendation by the Corporation for Public Broadcasting. Management had identified that the balance of the note payable with Southern Oregon University internal bank at June 30, 2018 should have been \$5,000 instead of the reported \$10,933 (See Note 13). While reconciling capital assets with Southern Oregon University's records, management identified errors impacting the opening balance of the year ended June 30, 2015. The impact on net assets without donor restrictions is shown in the tables below.

The effect of the restatement on the previously issued June 30, 2018 combined basic financial statements is as follows:

*Combined Statement of Financial Position at June 30, 2018*

	Previously Reported	Increase (Decrease)	Restated
Cash and cash equivalents	\$ 1,647,791	\$ 60,338	\$ 1,708,129
Investments	153,940	(60,338)	93,602
Buildings and equipment, net of accumulated depreciation	3,368,955	(51,039)	3,317,916
Total Property and Equipment	3,662,861	(51,039)	3,611,822
Total Assets	8,134,401	(51,039)	8,083,362
Long-term debt net of current portion	1,304,556	(5,933)	1,298,623
Total Liabilities	1,894,381	(5,933)	1,888,448
Unrestricted	6,240,020	(6,240,020)	-
Net assets without donor restrictions	-	6,194,914	6,194,914

**Jefferson Public Radio and JPR Foundation, Inc.**  
**Notes to the Combined Basic Financial Statements**  
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**19 PRIOR PERIOD ADJUSTMENT (CONTINUED)**

*Combined Statement of Activities for the Year ended June 30, 2018*

	Previously Reported	Increase (Decrease)	Restated
Membership and contributions	\$ 1,499,485	\$ (150,826)	\$ 1,348,659
Other grants and planned gifts	59,947	18,407	78,354
Fundraising activities and events	50,829	132,419	183,248
Miscellaneous income	6,534	5,933	12,467
Total Non-Operating Income	361,280	5,933	367,213
Change in Net Assets	496,881	5,933	502,814
Net Asset at Beginning of Year	5,743,139	(51,039)	5,692,100
Net Assets at End of Year	6,240,020	(45,106)	6,194,914

*Combined Statement of Cash Flows for the Year ended June 30, 2018*

	Previously Reported	Increase (Decrease)	Restated
Change in net assets	\$ 496,881	\$ 5,933	\$ 502,814
Net Cash Provided by Operating Activities	541,039	5,933	546,972
Net sales / purchases of investments	(60,000)	60,338	338
Purchase of property and equipment	(2,554,872)	(5,936)	(2,560,808)
Net Cash Provided (Used) by Financing Activities	(1,284,872)	54,402	(1,230,470)
Net Increase (Decrease) in Cash and Cash Equivalents	(583,449)	60,335	(523,114)
Cash and Cash Equivalents at End of Year	1,901,485	60,338	1,961,823

## SUPPLEMENTARY INFORMATION

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combining Schedule of Financial Position

at June 30, 2019

	<u>JPR-SOU</u>	<u>JPR Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,267	\$ 2,031,684	\$ -	\$ 2,032,951
Investments	-	98,920	-	98,920
Pledges receivable, net	-	259,020	-	259,020
Other receivables, net	25,587	26,905	-	52,492
Prepaid expenses	10,540	4,405	-	14,945
Deposits	-	1,500	-	1,500
Total Current Assets	<u>37,394</u>	<u>2,422,434</u>	<u>-</u>	<u>2,459,828</u>
<b>Property and Equipment</b>				
Land	-	293,906	-	293,906
Buildings and equipment, net of accumulated depreciation	<u>3,255,535</u>	<u>22,360</u>	<u>-</u>	<u>3,277,895</u>
Total Property and Equipment	<u>3,255,535</u>	<u>316,266</u>	<u>-</u>	<u>3,571,801</u>
<b>Other Assets</b>				
Prepaid expenses, non-current	2,370	-	-	2,370
Related party receivable	1,610,812	-	(1,610,812)	-
Mt. Baldy Communications, LLC	-	84,060	-	84,060
Intangible assets	<u>1,964,461</u>	<u>-</u>	<u>-</u>	<u>1,964,461</u>
Total Other Assets	<u>3,577,643</u>	<u>84,060</u>	<u>(1,610,812)</u>	<u>2,050,891</u>
<b>Total Assets</b>	<u><u>\$ 6,870,572</u></u>	<u><u>\$ 2,822,760</u></u>	<u><u>\$ (1,610,812)</u></u>	<u><u>\$ 8,082,520</u></u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 23,948	\$ 5,630	\$ -	\$ 29,578
Accrued liabilities	143,295	4,652	-	147,947
Accrued vacation	88,432	4,768	-	93,200
Deferred income	2,752	75,535	-	78,287
Lease deposits	-	1,000	-	1,000
Current portion of long-term debt	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Total Current Liabilities	<u>303,427</u>	<u>91,585</u>	<u>-</u>	<u>395,012</u>
<b>Long-Term Liabilities</b>				
Related party payable	-	1,610,812	(1,610,812)	-
Long-term debt, net of current portion	<u>1,255,000</u>	<u>-</u>	<u>-</u>	<u>1,255,000</u>
Total Long-Term Liabilities	<u>1,255,000</u>	<u>1,610,812</u>	<u>(1,610,812)</u>	<u>1,255,000</u>
<b>Total Liabilities</b>	<u>1,558,427</u>	<u>1,702,397</u>	<u>(1,610,812)</u>	<u>1,650,012</u>
<b>Net Assets</b>				
Without donor restrictions	3,701,333	1,120,363	1,610,812	6,432,508
With donor restrictions	<u>1,610,812</u>	<u>-</u>	<u>(1,610,812)</u>	<u>-</u>
Total Net Assets	<u>5,312,145</u>	<u>1,120,363</u>	<u>-</u>	<u>6,432,508</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 6,870,572</u></u>	<u><u>\$ 2,822,760</u></u>	<u><u>\$ (1,610,812)</u></u>	<u><u>\$ 8,082,520</u></u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combining Schedule of Financial Position (Restated)

at June 30, 2018

	JPR-SOU	JPR Foundation	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,959	\$ 1,706,170	\$ -	\$ 1,708,129
Restricted cash	253,694	-	-	253,694
Investments	-	93,602	-	93,602
Pledges receivable, net	-	267,066	-	267,066
Other receivables, net	22,607	34,288	-	56,895
Prepaid expenses	31,774	17,968	-	49,742
Deposits	-	1,500	-	1,500
Total Current Assets	<u>310,034</u>	<u>2,120,594</u>	<u>-</u>	<u>2,430,628</u>
Property and Equipment				
Land	-	293,906	-	293,906
Buildings and equipment, net of accumulated depreciation	<u>3,310,726</u>	<u>7,190</u>	<u>-</u>	<u>3,317,916</u>
Total Property and Equipment	<u>3,310,726</u>	<u>301,096</u>	<u>-</u>	<u>3,611,822</u>
Other Assets				
Prepaid expenses, non-current	2,370	-	-	2,370
Related party receivable	1,674,103	-	(1,674,103)	-
Mt. Baldy Communications, LLC	-	74,081	-	74,081
Intangible assets	<u>1,964,461</u>	<u>-</u>	<u>-</u>	<u>1,964,461</u>
Total Other Assets	<u>3,640,934</u>	<u>74,081</u>	<u>(1,674,103)</u>	<u>2,040,912</u>
Total Assets	<u>\$ 7,261,694</u>	<u>\$ 2,495,771</u>	<u>\$ (1,674,103)</u>	<u>\$ 8,083,362</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 243,911	\$ 8,121	\$ -	\$ 252,032
Accrued liabilities	147,377	6,225	-	153,602
Accrued vacation	74,158	4,354	-	78,512
Deferred income	-	66,257	-	66,257
Lease deposits	-	1,000	-	1,000
Current portion of long-term debt	36,377	2,045	-	38,422
Total Current Liabilities	<u>501,823</u>	<u>88,002</u>	<u>-</u>	<u>589,825</u>
Long-Term Liabilities				
Related party payable	-	1,674,103	(1,674,103)	-
Long-term debt, net of current portion	<u>1,298,623</u>	<u>-</u>	<u>-</u>	<u>1,298,623</u>
Total Long-Term Liabilities	<u>1,298,623</u>	<u>1,674,103</u>	<u>(1,674,103)</u>	<u>1,298,623</u>
Total Liabilities	<u>1,800,446</u>	<u>1,762,105</u>	<u>(1,674,103)</u>	<u>1,888,448</u>
Net Assets				
Without donor restrictions	3,787,145	733,666	1,674,103	6,194,914
With donor restrictions	<u>1,674,103</u>	<u>-</u>	<u>(1,674,103)</u>	<u>-</u>
Total Net Assets	<u>5,461,248</u>	<u>733,666</u>	<u>-</u>	<u>6,194,914</u>
Total Liabilities and Net Assets	<u>\$ 7,261,694</u>	<u>\$ 2,495,771</u>	<u>\$ (1,674,103)</u>	<u>\$ 8,083,362</u>



**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combining Schedule of Activities  
for the Year Ended June 30, 2019

	JPR		Eliminations	Total
	JPR-SOU	Foundation		
Revenues, Support and Other Income				
Revenues and support				
Membership and contributions	\$ 492	\$ 1,272,253	\$ -	\$ 1,272,745
Program underwriting	-	629,686	-	629,686
Southern Oregon University:				
General appropriations	293,047	-	-	293,047
Indirect administrative support	856,693	-	-	856,693
Corporation for Public Broadcasting Grants	414,841	-	-	414,841
Other grants and planned gifts	-	136,821	-	136,821
Donated programs, services and materials	60,695	119,885	-	180,580
Fundraising activities and events	-	195,786	-	195,786
Jeffnet internet service royalties	-	8,158	-	8,158
Total Revenues and Support	<u>1,625,768</u>	<u>2,362,589</u>	<u>-</u>	<u>3,988,357</u>
Other Income				
Interest and dividend income	7	34,186	-	34,193
Realized and unrealized gain	-	3,606	-	3,606
Change in value of investment in Mt Baldy LLC	-	9,979	-	9,979
Total Other Income	<u>7</u>	<u>47,771</u>	<u>-</u>	<u>47,778</u>
Total Revenues, Support, and Other Income	<u>1,625,775</u>	<u>2,410,360</u>	<u>-</u>	<u>4,036,135</u>
Expenses				
Program Services				
Programming and production	1,388,719	975	-	1,389,694
Broadcasting	1,191,493	154,491	-	1,345,984
Program information and promotion	135,997	138,309	-	274,306
Total Program Services	<u>2,716,209</u>	<u>293,775</u>	<u>-</u>	<u>3,009,984</u>
Supporting Services				
Management and general	191,393	65,285	-	256,678
Fundraising and membership development	223,723	103,791	-	327,514
Underwriting and grant solicitation	160,241	62,455	-	222,696
Depreciation	150,284	7,080	-	157,364
Change in value of related party payable	63,290	-	(63,290)	-
Total Supporting Services	<u>788,931</u>	<u>238,611</u>	<u>(63,290)</u>	<u>964,252</u>
Total Expenses	<u>3,505,140</u>	<u>532,386</u>	<u>(63,290)</u>	<u>3,974,236</u>
Operating Income/(Loss)	<u>(1,879,365)</u>	<u>1,877,974</u>	<u>63,290</u>	<u>61,899</u>
Non-Operating Income				
Display advertising	-	43,369	-	43,369
Rents and royalties	103,447	27,245	-	130,692
Miscellaneous income	-	1,634	-	1,634
Change in value of related party receivable	-	63,290	(63,290)	-
Total Non-Operating Income	<u>103,447</u>	<u>135,538</u>	<u>(63,290)</u>	<u>175,695</u>
Transfers in (out)	<u>1,626,815</u>	<u>(1,626,815)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(149,103)</u>	<u>386,697</u>	<u>-</u>	<u>237,594</u>
Net Assets at Beginning of Year	<u>5,461,248</u>	<u>733,666</u>	<u>-</u>	<u>6,194,914</u>
Net Assets at End of Year	<u>\$ 5,312,145</u>	<u>\$ 1,120,363</u>	<u>\$ -</u>	<u>\$ 6,432,508</u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combining Schedule of Activities  
for the year ended June 30, 2018 (Restated)

	JPR-SOU	JPR Foundation	Eliminations	Total
Revenues, Support and Other Income				
Revenues and support				
Membership and contributions	\$ 18,893	\$ 1,329,766	\$ -	\$ 1,348,659
Program underwriting	-	659,392	-	659,392
Southern Oregon University:				
General appropriations	293,742	-	-	293,742
Indirect administrative support	925,425	-	-	925,425
Corporation for Public Broadcasting Grants	402,592	-	-	402,592
Other grants and planned gifts	-	78,354	-	78,354
Donated programs, services and materials	88,191	109,112	-	197,303
Fundraising activities and events	13,545	169,703	-	183,248
Jeffnet internet service royalties	-	28,399	-	28,399
Total Revenues and Support	<u>1,742,388</u>	<u>2,374,726</u>	<u>-</u>	<u>4,117,114</u>
Other Income				
Interest and dividend income	13	8,123	-	8,136
Realized and unrealized gain	-	9,202	-	9,202
Change in value of investment in Mt Baldy LLC	-	5,411	-	5,411
Total Other Income	<u>13</u>	<u>22,736</u>	<u>-</u>	<u>22,749</u>
Total Revenues, Support, Other Income and Transfers	<u>1,742,401</u>	<u>2,397,462</u>	<u>-</u>	<u>4,139,863</u>
Expenses				
Program Services				
Programming and production	1,320,912	340	-	1,321,252
Broadcasting	1,310,518	142,166	-	1,452,684
Program information and promotion	107,900	160,746	-	268,646
Total Program Services	<u>2,739,330</u>	<u>303,252</u>	<u>-</u>	<u>3,042,582</u>
Supporting Services				
Management and general	338,205	23,036	-	361,241
Fundraising and membership development	176,028	145,305	-	321,333
Underwriting and grant solicitation	129,914	83,549	-	213,463
Depreciation	62,452	3,191	-	65,643
Change in value of related party payable	-	14,442	(14,442)	-
Total Supporting Services	<u>706,599</u>	<u>269,523</u>	<u>(14,442)</u>	<u>961,680</u>
Total Expenses	<u>3,445,929</u>	<u>572,775</u>	<u>(14,442)</u>	<u>4,004,262</u>
Operating Income/(Loss)	<u>(1,703,528)</u>	<u>1,824,687</u>	<u>14,442</u>	<u>135,601</u>
Non-Operating Income				
Display advertising	-	51,937	-	51,937
Rents and royalties	95,225	37,584	-	132,809
Miscellaneous income	10,969	1,498	-	12,467
Change in value of related party receivable	14,442	-	(14,442)	-
Contributed proceeds from SOU bond agreement	170,000	-	-	170,000
Total Non-Operating Income	<u>290,636</u>	<u>91,019</u>	<u>(14,442)</u>	<u>367,213</u>
Transfers in (out)	<u>1,785,705</u>	<u>(1,785,705)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	372,813	130,001	-	502,814
Net Assets at Beginning of Year	<u>5,088,435</u>	<u>603,665</u>	<u>-</u>	<u>5,692,100</u>
Net Assets at End of Year	<u>\$ 5,461,248</u>	<u>\$ 733,666</u>	<u>\$ -</u>	<u>\$ 6,194,914</u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**Schedule of Expenses by Entity  
for the Year Ended June 30, 2019

	JPR-SOU	JPR Foundation	Total
Salaries and benefits	\$ 1,327,952	\$ 40,800	\$ 1,368,752
Advertising	2,216	106,931	109,147
Bank and credit card fees	-	24,902	24,902
Bad debts	-	10,091	10,091
Dues and subscriptions	12,329	-	12,329
Telephone / data lines	21,973	62,493	84,466
Postage	205	27,752	27,957
Printing	38	34,350	34,388
Insurance	3,576	3,771	7,347
Interest	59,333	22	59,355
Programming	416,801	-	416,801
Professional services / contract labor	23,737	52,999	76,736
Legal	36,000	285	36,285
Repairs, maintenance and equipment	111,263	43,045	154,308
Property leases	193,760	24,361	218,121
Utilities	111,100	6,912	118,012
Property taxes	273	1,629	1,902
Service and supplies	30,257	12,654	42,911
Special events	7,294	61,028	68,322
Special projects	-	205	205
Travel	16,071	9,357	25,428
Donated services and materials	60,695	1,719	62,414
Depreciation	150,284	7,080	157,364
Change in value of related party receivable	63,290	(63,290)	-
Indirect admin. support	856,693	-	856,693
Total Expenses	<u>\$ 3,505,140</u>	<u>\$ 469,096</u>	<u>\$ 3,974,236</u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Schedule of Expenses by Entity  
for the year ended June 30, 2018 (Restated)

	JPR-SOU	JPR Foundation	Eliminations	Total
Salaries and benefits	\$ 1,169,227	\$ 63,554	\$ -	\$ 1,232,781
Advertising	849	101,939	-	102,788
Bank and credit card fees	-	53,121	-	53,121
Bad debts	-	37,684	-	37,684
Dues and subscriptions	10,558	-	-	10,558
Telephone / data lines	19,448	89,610	-	109,058
Postage	383	27,504	-	27,887
Printing	169	67,725	-	67,894
Insurance	3,180	3,145	-	6,325
Interest	33,634	361	-	33,995
Programming	410,194	-	-	410,194
Professional services / contract labor	49,980	16,870	-	66,850
Legal	36,026	976	-	37,002
Repairs, maintenance and equipment	307,740	20,278	-	328,018
Property leases	187,683	24,143	-	211,826
Utilities	114,025	7,661	-	121,686
Property taxes	279	1,531	-	1,810
Service and supplies	15,041	16,032	-	31,073
Special events	2,075	16,088	-	18,163
Travel	9,369	5,037	-	14,406
Donated services and materials	88,191	1,884	-	90,075
Related party contribution	-	14,442	(14,442)	-
Indirect admin. support	925,425	-	-	925,425
Depreciation	62,452	3,191	-	65,643
<b>Total Expenses</b>	<b>\$ 3,445,928</b>	<b>\$ 572,776</b>	<b>\$ (14,442)</b>	<b>\$ 4,004,262</b>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combining Schedule of Activities

for the Year Ended June 30, 2019

	KSOR-FM	KNCA-FM	Total
Revenues, Support and Other Income			
Revenues and support			
Membership and contributions	\$ 1,073,161	\$ 199,584	\$ 1,272,745
Program underwriting	567,297	62,389	629,686
Southern Oregon University:			
General appropriations	173,721	119,326	293,047
Indirect administrative support	688,890	167,803	856,693
Corporation for Public Broadcasting Grants	279,127	135,714	414,841
Other grants and planned gifts	136,821	-	136,821
Donated programs, services and materials	116,053	64,527	180,580
Fundraising activities and events	190,336	5,450	195,786
Jeffnet internet service royalties	8,158	-	8,158
Total Revenues and Support	<u>3,233,564</u>	<u>754,793</u>	<u>3,988,357</u>
Other Income			
Interest and dividend income	34,193	-	34,193
Realized and unrealized gain	3,606	-	3,606
Change in value of investment in Mt Baldy LLC	9,979	-	9,979
Total Other Income	<u>47,778</u>	<u>-</u>	<u>47,778</u>
Total Revenues, Support, Other Income and Transfers	<u>3,281,342</u>	<u>754,793</u>	<u>4,036,135</u>
Expenses			
Program Services			
Programming and production	854,204	535,490	1,389,694
Broadcasting	1,205,731	140,253	1,345,984
Program information and promotion	223,235	51,071	274,306
Total Program Services	<u>2,283,170</u>	<u>726,814</u>	<u>3,009,984</u>
Supporting Services			
Management and general	236,744	19,934	256,678
Fundraising and membership development	307,997	19,517	327,514
Underwriting and grant solicitation	169,562	53,134	222,696
Depreciation	149,726	7,638	157,364
Total Supporting Services	<u>864,029</u>	<u>100,223</u>	<u>964,252</u>
Total Expenses	<u>3,147,199</u>	<u>827,037</u>	<u>3,974,236</u>
Operating Income/(Loss)	<u>134,143</u>	<u>(72,244)</u>	<u>61,899</u>
Non-Operating Income			
Display advertising	40,894	2,475	43,369
Rents and royalties	60,500	70,192	130,692
Miscellaneous income	1,634	-	1,634
Total Non-Operating Income	<u>103,028</u>	<u>72,667</u>	<u>175,695</u>
Change in Net Assets	237,171	423	237,594
Net Assets at Beginning of Year	<u>6,187,310</u>	<u>7,604</u>	<u>6,194,914</u>
Net Assets at End of Year	<u>\$ 6,424,481</u>	<u>\$ 8,027</u>	<u>\$ 6,432,508</u>

**JEFFERSON PUBLIC RADIO AND JPR FOUNDATION, INC.**

Combining Schedule of Activities

for the year ended June 30, 2018 (Restated)

	<u>KSOR-FM</u>	<u>KNCA-FM</u>	<u>Total</u>
Revenues, Support and Other Income			
Revenues and support			
Membership and contributions	\$ 1,142,695	\$ 205,964	\$ 1,348,659
Program underwriting	596,246	63,146	659,392
Southern Oregon University:			
General appropriations	177,663	116,079	293,742
Indirect administrative support	756,974	168,451	925,425
Corporation for Public Broadcasting Grants	267,422	135,170	402,592
Other grants and planned gifts	78,354	-	78,354
Donated programs, services and materials	136,176	61,127	197,303
Fundraising activities and events	183,248	-	183,248
Jeffnet internet service royalties	28,399	-	28,399
Total Revenues and Support	<u>3,367,177</u>	<u>749,937</u>	<u>4,117,114</u>
Other Income			
Interest and dividend income	8,136	-	8,136
Realized and unrealized gain	9,202	-	9,202
Change in value of investment in Mt Baldy LLC	5,411	-	5,411
Total Other Income	<u>22,749</u>	<u>-</u>	<u>22,749</u>
Total Revenues, Support, Other Income and Transfers	<u>3,389,926</u>	<u>749,937</u>	<u>4,139,863</u>
Expenses			
Program Services			
Programming and production	821,243	500,009	1,321,252
Broadcasting	1,307,104	145,580	1,452,684
Program information and promotion	225,306	43,340	268,646
Total Program Services	<u>2,353,653</u>	<u>688,929</u>	<u>3,042,582</u>
Supporting Services			
Management and general	323,092	38,149	361,241
Fundraising and membership development	309,040	12,293	321,333
Underwriting and grant solicitation	168,411	45,052	213,463
Depreciation	42,222	23,421	65,643
Total Supporting Services	<u>842,765</u>	<u>118,915</u>	<u>961,680</u>
Total Expenses	<u>3,196,418</u>	<u>807,844</u>	<u>4,004,262</u>
Operating Income/(Loss)	<u>193,508</u>	<u>(57,907)</u>	<u>135,601</u>
Non-Operating Income			
Display advertising	51,937	-	51,937
Rents and royalties	63,454	69,355	132,809
Miscellaneous income	12,467	-	12,467
Contributed proceeds from SOU bond agreement	170,000	-	170,000
Total Non-Operating Income	<u>297,858</u>	<u>69,355</u>	<u>367,213</u>
Change in Net Assets	491,366	11,448	502,814
Net Assets at Beginning of Year	<u>5,695,944</u>	<u>(3,844)</u>	<u>5,692,100</u>
Net Assets at End of Year	<u>\$ 6,187,310</u>	<u>\$ 7,604</u>	<u>\$ 6,194,914</u>