

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2020**



[CLAconnect.com](http://CLAconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

**FRIENDS OF PUBLIC RADIO ARIZONA  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>STATEMENT OF ACTIVITIES BY LICENSE</b>	<b>17</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Friends of Public Radio Arizona  
Tempe, Arizona

We have audited the accompanying consolidated financial statements of Friends of Public Radio Arizona (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends of Public Radio Arizona as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 9, 2020

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,284,565
Pledges Receivable	169,458
Inventory	<u>8,586</u>
Total Current Assets	<u>2,462,609</u>

**NONCURRENT ASSETS**

Interest in Arizona Community Foundation Investment Pool	2,460,713
Property and Equipment	<u>334,311</u>
Total Noncurrent Assets	<u>2,795,024</u>

Total Assets	<u><u>\$ 5,257,633</u></u>
--------------	----------------------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 34,901
------------------	-----------

**NET ASSETS**

Without Donor Restrictions	4,766,493
With Donor Restrictions	<u>456,239</u>
Total Net Assets	<u>5,222,732</u>

Total Liabilities and Net Assets	<u><u>\$ 5,257,633</u></u>
----------------------------------	----------------------------

*See accompanying Notes to Consolidated Financial Statements.*

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions and Donations	\$ 6,307,340	\$ 430,813	\$ 6,738,153
Donated Goods and Services	444,113	-	444,113
Investment Income, Net	95,653	-	95,653
Other Revenue	106,191	-	106,191
Change in Interest in Arizona Community Foundation Investment Pool	(39,669)	-	(39,669)
Special Events Revenue	\$ 206,600		
Less: Cost of Direct Benefit to Donors	(106,518)		
Total	100,082	-	100,082
Net Assets Released From Restriction	372,646	(372,646)	-
Total Revenues and Support	7,386,356	58,167	7,444,523
<b>EXPENSES</b>			
Program Services	6,761,433	-	6,761,433
Support Services	263,430	-	263,430
Fundraising	762,171	-	762,171
Total Expenses	7,787,034	-	7,787,034
<b>CHANGE IN NET ASSETS</b>	(400,678)	58,167	(342,511)
Net Assets - Beginning of Year	5,167,171	398,072	5,565,243
<b>NET ASSETS - END OF YEAR</b>	\$ 4,766,493	\$ 456,239	\$ 5,222,732

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services	Support Services	Fundraising	Totals
Distributions to Public Radio	\$ 6,098,686	\$ -	\$ -	\$ 6,098,686
Public Radio Program Production	402,881	-	-	402,881
Professional Fees	86,810	23,016	4,466	114,292
Advertising	-	-	4,484	4,484
Public Awareness	94,334	-	44,265	138,599
Membership	-	-	371,640	371,640
Donated Services	16,312	90,514	337,288	444,114
Conference, Conventions, and Meetings	-	5,805	-	5,805
Donations Processing and Bank Fees	-	110,021	-	110,021
Depreciation	61,558	-	-	61,558
Other	852	34,074	28	34,954
Special Event Expenses	-	-	106,518	106,518
Total	<u>6,761,433</u>	<u>263,430</u>	<u>868,689</u>	<u>7,893,552</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:				
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(106,518)</u>	<u>(106,518)</u>
Total Expenses included in the Expense Section of the Statement of Activities	<u>\$ 6,761,433</u>	<u>\$ 263,430</u>	<u>\$ 762,171</u>	<u>\$ 7,787,034</u>
Percentage	<u>86.83%</u>	<u>3.38%</u>	<u>9.79%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Sales, Grants, and Contributions	\$ 7,409,678
Cash Received from Interest and Dividends	86,574
Cash Payments to Suppliers for Goods and Services	<u>(7,821,967)</u>
Net Cash Used by Operating Activities	(325,715)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Interest in Arizona Community Foundation Strategic Initiative	<u>(86,574)</u>
Net Cash Used by Investing Activities	<u>(86,574)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(412,289)

Cash and Cash Equivalents - Beginning of Year

2,696,854

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,284,565

**RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH USED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ (342,511)
Depreciation	61,558
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Change in Interest in Arizona Community Foundation Investment Pool	39,669
Decrease in Current Assets:	
Accounts Receivable	(52,458)
Pledge Receivable	(42,000)
Inventory	807
Decrease in Current Liabilities:	
Accounts Payable	9,220
Net Cash Used by Operating Activities	<u><u>\$ (325,715)</u></u>

*See accompanying Notes to Consolidated Financial Statements.*



**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Friends of Public Radio Arizona's (the Organization) mission is to assure the future vitality and excellence of the Phoenix community's public radio stations and to broaden public radio support. Funding for the Organization is provided through individual donations and fundraising.

**Basis of Accounting**

The consolidated financial statements of Friends of Public Radio Arizona have been prepared on the accrual basis of accounting. The more significant of the Organization's accounting policies are described below.

**Principles of Consolidation**

These consolidated financial statements include the activities of Friends of Public Radio Arizona, SPOT 127, and FT Mobile Productions, collectively the Organization. SPOT 127 began operations in conjunction with Friends of Public Radio Arizona in 2011 and was organized as a separate entity in fiscal year 2014. FT Mobile Productions began operations and was organized as a separate entity in fiscal year 2017. All material intercompany accounts and transactions have been eliminated in consolidation.

**Financial Statement Presentation**

The Organization follows accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Contributions**

Support is recognized when received. Support that is restricted by the donor/grantor is reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Support that is perpetually restricted by the donor/grantor is reported as an increase in net assets with donor restrictions.

**Revenue Recognition**

Revenue received from investment activity and other noncontribution revenue is recognized as earned.

**Special Events**

The Organization conducts several special events to raise funds for the benefit of the Phoenix community's public radio stations. Special event revenue consists of event attendance fees and sales of goods at events. Cost of direct benefits to donors is the cost incurred by the Organization to provide goods and services to donors at the events.

**Deferred Revenue**

Cash received for special events in advance of their occurrence is deferred until the period in which the event takes place.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal income taxes.

The Organization follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions.

**Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

Cash equivalents consisted of short term, highly liquid investments that are both (a) readily convertible to known amounts of cash; and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy at the measurement date. This fair value hierarchy maximizes the use of observable inputs by requiring that the observable inputs be used when available. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Inventory**

Inventory is stated at lower of cost, determined by the first-in, first-out method, or net realizable value. Inventory consists of retail goods held for resale.

**Property and Equipment**

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets which are seven years.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in the consolidated statement of activities.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The Organization's primary mission is to assure the future vitality and excellence of the Phoenix community's public radio stations and to broaden public radio support. Costs related to this purpose are reported as program expenses on the consolidated statement of functional expenses. Activities performed by the Organization to generate funds and/or resources to support its programs and operations are reported as fundraising activities. All costs not identifiable with a specific program or fundraising activities, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. This includes expenses for the overall direction of the Organization, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as donated services, donations processing and bank fees, and other expenses.

Expenses that benefit more than one function of the Organization are allocated among the functions based generally on management's estimate of the benefit received by each function.

**Designation of Net Assets Without Donor Restrictions**

The board of directors of the Organization reviews its plans for future support of the local Phoenix public radio stations KJZZ and KBAQ. It has designated a portion of net assets without donor restrictions as board-designated endowments to assure adequate funds are available for such support.

**Risks and Uncertainties**

The Organization invests in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated statement of activities. Subsequent to year-end, there continues to be fluctuations in the fair market value of investments due to changes in market conditions and other factors.

In the ordinary course of business, the Organization is subject to various litigation risks. In the opinion of management, there are no current proceedings or claims against the Organization that would have a material effect on the consolidated statements of financial position, activities, functional expenses, or cash flows.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle – Adoption of ASU 2014-09 and 2018-08**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Organization's consolidated financial statements reflect the full retrospective application of ASU 2018-08 and ASU 2014-09 guidance beginning in fiscal year 2019. The adoption of ASU 2018-08 and 2014-09 did not impact the Organization's reported revenue.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 9, 2020, the date the financial statements were available to be issued.

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

FPRAZ manages its cash available to meet general expenditures following three guiding principles:

1. Operating within a prudent range of financial soundness and stability,
2. Maintaining adequate liquid assets, and
3. Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of FPRAZ.

FPRAZ receives support without donor restrictions; such support has historically represented approximately 88% of annual program funding needs, with the remainder funded by gifts with donor restrictions, investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

FPRAZ regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. FPRAZ has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and commercial paper facilities.

As of June 30, 2020, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Cash and Cash Equivalents	\$ 2,284,565
Pledge Receivable	169,458
Interest in Arizona Community Foundation Investment Pool	2,460,713
Total Financial Assets	4,914,736
Less:	
Net Assets Designated by Board for Endowment	(2,460,713)
Net Assets with Donor Restrictions	(456,239)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,997,784

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of a book balance of \$2,284,565 and bank balances of \$2,286,052, of which \$250,000 was insured by federal depository insurance. The remaining \$2,036,052 was uninsured and uncollateralized.

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest in Arizona Community Foundation Investment Pool	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,460,713</u>	<u>\$ 2,460,713</u>

The Organization holds assets in an agreement with the Arizona Community Foundation. Under this agreement, the funds will remain at Arizona Community Foundation as board-designated endowment funds. The funds are stated at fair value, which was determined based on quoted market prices.

As both the resource provider (the transferor of assets to the Arizona Community Foundation) and as the self-named beneficiary, Friends of Public Radio Arizona recognizes the funds held by the Arizona Community Foundation as community foundation holdings and classifies the funds in long-term assets. The Arizona Community Foundation holds these assets in a board-advised fund with the income and principal available for distribution to the Organization subject to the Organization’s board of directors’ approval and subject to the Organization advising that the distribution be made in accordance with the provisions of the agreement.

The board-designated endowment net assets and activity for the year ended June 30, 2020, consisted of the following:

Board-Designated Endowment Net Assets - Beginning	<u>Board- Designated</u> \$ 2,413,808
Change in Value in Arizona Community Foundation:	
Investment Income	86,574
Change in Value	(39,669)
Board-Designated Endowment Net Assets - Ending	<u>\$ 2,460,713</u>

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)**

**Level 3 Assets and Liabilities**

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2020:

	Arizona Community Foundation Investment Pool
Balances at July 1, 2019	\$ 2,413,808
Investment Income	86,574
Change in Value	(39,669)
Balances at June 30, 2020	<u>\$ 2,460,713</u>

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

**Quantitative Information about Level 3 Fair Value Measurements**

	Fair Value at June 30, 2020	Valuation	Unobservable Inputs
Arizona Community Foundation Investment Pool	\$ 2,460,713	Percentage ownership of investment pool	The percentage ownership of investment pool as applied to investment statements

The Organization evaluates Level 3 investments for events and changes in circumstances that indicate a transfer into or transfer out of Level 3. The Organization recognizes the transfers into and out of Level 3 as of the date of the event or change in circumstance. During the year ended June 30, 2020, there were no transfers into or out of the Level 3 category.

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2020:

Vehicles	\$ 539,662
Total Property and Equipment	539,662
Less: Accumulated Depreciation	(205,351)
Property and Equipment, Net	<u>\$ 334,311</u>



**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6 NET ASSETS**

**Without Donor Restrictions**

The Organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

Board Designated for Endowment Purposes	\$ 2,460,713
Undesignated	2,305,780
Total	<u>\$ 4,766,493</u>

Included within net assets without donor restrictions on the consolidated statement of financial position, the Organization has board-designated endowment funds established for the purpose of providing an operating cash reserve. As required by U.S. GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's interpretation of the laws governing restrictions on net appreciation of donor-restricted endowments is based on the State of Arizona Management of Charitable Fund Act. The Organization reinvests earnings on the fund back into the board-designated endowment. In addition, management fees are deducted from the fund. The fund is spendable based on appropriations from the board. The board has deposited the fund with the Arizona Community for an interest in the investment pools.

The endowment net assets and activity for the year ended June 30, 2020 have been presented in Note 4.

**With Donor Restrictions**

The following is a summary of net assets with donor restrictions at June 30, 2020:

Youth Media	\$ 170,683
Catena Foundation	102,000
SSA NMP	98,880
NB Hickey Foundation	25,280
Nina Mason Pulliam	15,431
MH Meyerson Found	10,000
Gila River SSA	8,500
T-Birds for SPOT	7,500
Intel	6,900
Wells Fargo	5,060
SVP Grant	5,000
ACF	1,000
VGP GGF Funds	5
Total	<u>\$ 456,239</u>

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 DONATED GOODS AND SERVICES**

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying consolidated statement of activities because the criteria for recognition of such volunteer efforts under U.S. GAAP have not been satisfied.

The Organization received \$444,113 of donated management and fundraising services from their public radio stations, KBAQ and KJZZ, related parties to the Organization, during the year ended June 30, 2020, that is included in revenues and expenses in the consolidated statement of activities. The value of donated services was obtained using the personnel costs from the organization that provided the services. Additionally, the Organization received proceeds of \$555,121 from the auction of donated vehicles.

The Organization also received \$14,553 in donated auction items for its special events. These donations are included in special event revenue and expenses on the consolidated statement of activities.

**NOTE 8 ECONOMIC DEPENDENCE**

Friends of Public Radio Arizona is dependent upon contributions from individuals, corporations, and foundations and proceeds from its special events for support of its program services.

**NOTE 9 RELATED PARTIES**

The Organization conducts fundraising efforts for which contributions are received and shared with their public radio stations, KBAQ and KJZZ. During the current year, the Organization provided the stations with \$6,098,686.

**NOTE 10 RISKS AND UNCERTAINTIES**

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Friends of Public Radio Arizona, COVID-19 may impact various parts of its fiscal year 2020 and 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**STATEMENT OF ACTIVITIES BY LICENSE**  
**JUNE 30, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>KJZZ</u>	<u>KBAQ</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions and Donations	\$ 5,205,401	\$ 1,532,752	\$ 6,738,153
Donated Goods and Services	328,644	115,469	444,113
Investment Income, Net	70,783	24,870	95,653
Other Revenue	105,552	639	106,191
Change in Interest in Arizona Community			
Foundation Investment Pool	(29,355)	(10,314)	(39,669)
Special Events Revenue	103,300	103,300	206,600
Less: Cost of Direct Benefit to Donors	<u>(53,259)</u>	<u>(53,259)</u>	<u>(106,518)</u>
Total Revenues and Support	5,731,066	1,713,457	7,444,523
<b>EXPENSES</b>			
Distributions to Public Radio	5,299,286	799,400	6,098,686
Public Radio Program Production	390,445	12,436	402,881
Professional Fees	48,318	65,974	114,292
Advertising	3,318	1,166	4,484
Public Awareness	62,025	76,574	138,599
Membership	294,666	76,974	371,640
Donated Services	328,644	115,470	444,114
Conference, Conventions, and Meetings	4,901	904	5,805
Donations Processing and Bank Fees	83,398	26,623	110,021
Depreciation	61,558	-	61,558
Other	30,261	4,693	34,954
Total Expenses	<u>6,606,820</u>	<u>1,180,214</u>	<u>7,787,034</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (875,754)</u>	<u>\$ 533,243</u>	<u>\$ (342,511)</u>

