

**JEFFERSON PUBLIC RADIO
(A DEPARTMENT OF SOUTHERN
OREGON UNIVERSITY)
AND
THE JPR FOUNDATION, INC.
(JPR RELATED ACCOUNTS)**

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2018 AND 2017
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP

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**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combined Financial Statements
Years Ended June 30, 2018 and 2017**

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INDEPENDENT AUDITOR'S REPORT

Jefferson Public Radio and JPR Foundation, Inc. (JPR Related Accounts)
1250 Siskiyou Blvd
Ashland, OR 97520

Report on the Financial Statements

We have audited the accompanying combined financial statements of Jefferson Public Radio (a Department of Southern Oregon University) and JPR Foundation, Inc. (JPR Related Accounts) (collectively known as the Organization), which comprise the combined statement of financial position as of June 30, 2018 and 2017, the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the combined 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 combined 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 Organization'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 combined financial statements.

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

Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, the Organization has not consolidated JPR Foundation, Inc.'s wholly owned subsidiary Jefferson Live! LLC. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of Jefferson Live! LLC had been consolidated with those of the Organization, total assets and total liabilities would be increased by \$9,606,835 and \$1,9428,261 respectively, as of June 30, 2018. Change in net assets would increase by \$1,404,941 for the year then ended. If the financial statements of Jefferson Live! LLC had been consolidated with those of the Organization, total assets and total liabilities would be increased by \$7,905,451 and \$1,758,578 respectively, as of June 30, 2017. Change in net assets would increase by \$3,895,782 for the year then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating Jefferson Live! LLC, as discussed in the Basis for Qualified Opinion paragraph, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity 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 combined 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 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 combined financial statements. This information has been subjected to the auditing procedures applied in the audit of the combined 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 financial statements or to the combined 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 financial statements as a whole.



Mark E. Damon, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
October 31, 2018

COMBINED FINANCIAL STATEMENTS

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combined Statements of Financial Position
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u> <u>as restated</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,647,791	\$ 1,584,870
Restricted cash	253,694	900,064
Investments	153,940	84,738
Pledges receivable, net	267,066	240,525
Other receivables, net	56,895	52,469
Bequest receivable	-	50,000
Prepaid expenses	49,742	27,086
Deposits	1,500	1,500
Total current assets	<u>2,430,628</u>	<u>2,941,252</u>
Property and equipment:		
Land and non-depreciable buildings	293,906	720,162
Buildings and equipment, net of accumulated depreciation	3,368,955	453,470
Total property and equipment	<u>3,662,861</u>	<u>1,173,632</u>
Other assets:		
Prepaid expense, non-current	2,370	2,370
Mt. Baldy Communications, LLC	74,081	68,670
Asset restricted under bond indenture	-	1,330,000
Intangible assets, net	1,964,461	1,964,461
Total other assets	<u>2,040,912</u>	<u>3,365,501</u>
Total assets	<u><u>8,134,401</u></u>	<u><u>7,480,385</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	252,032	120,656
Accrued liabilities	153,602	126,461
Accrued vacation	78,512	72,308
Deferred income	66,257	64,227
Lease deposits	1,000	1,000
Current portion of long-term debt and obligation	38,422	9,617
Total current liabilities	<u>589,825</u>	<u>394,269</u>
Long-term liabilities:		
Long term debt and obligation, net of current portion	1,304,556	1,342,977
Total long-term liabilities	<u>1,304,556</u>	<u>1,342,977</u>
Total liabilities	<u>1,894,381</u>	<u>1,737,246</u>
Net assets:		
Unrestricted	6,240,020	5,743,139
Total liabilities and net assets	<u><u>\$ 8,134,401</u></u>	<u><u>\$ 7,480,385</u></u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combined Statement of Activities
Years Ended June 30, 2018 and 2017**

	<u>Unrestricted Total</u>	<u>Temporarily Restricted</u>	<u>2018 Combined Total</u>	<u>2017 Combined Total (Restated)</u>
Revenues, support, and other income				
Revenues and support:				
Membership and contributions	\$ 1,499,485	\$ -	\$ 1,499,485	\$ 1,397,843
Program underwriting	659,392	-	659,392	706,456
Southern Oregon University:				
General appropriations	293,742	-	293,742	266,889
Indirect administrative support	925,425	-	925,425	811,482
Corporation for Public Broadcasting Grants	309,357	93,235	402,592	425,826
Other grants and planned gifts	10,000	49,947	59,947	126,059
Donated programs, services and materials	197,303	-	197,303	159,518
Fundraising events	50,829	-	50,829	55,814
Jeffnet internet service royalties	28,399	-	28,399	36,967
Total revenues and support	<u>3,973,932</u>	<u>143,182</u>	<u>4,117,114</u>	<u>3,986,854</u>
Other income:				
Interest and dividend income	8,136	-	8,136	6,026
Realized and unrealized gain/(loss) on investments, net	9,202	-	9,202	13,708
Change in value of investment in Mt. Baldy LLC	5,411	-	5,411	9,220
Total other income	<u>22,749</u>	<u>-</u>	<u>22,749</u>	<u>28,954</u>
Net assets released from restrictions	<u>143,182</u>	<u>(143,182)</u>	<u>-</u>	<u>-</u>
Total revenues, support, and other income	<u>4,139,863</u>	<u>-</u>	<u>4,139,863</u>	<u>4,015,808</u>
Expenses:				
Program services:				
Programming and production	1,321,252	-	1,321,252	1,318,271
Broadcasting	1,452,684	-	1,452,684	1,365,483
Program information and promotion	268,646	-	268,646	271,876
Total program services	<u>3,042,582</u>	<u>-</u>	<u>3,042,582</u>	<u>2,955,630</u>
Supporting services:				
Management and general:				
Operating	361,241	-	361,241	212,847
Fundraising and membership development	321,333	-	321,333	273,501
Underwriting and grant solicitation	213,463	-	213,463	161,627
Depreciation	65,643	-	65,643	245,925
Total supporting services	<u>961,680</u>	<u>-</u>	<u>961,680</u>	<u>893,900</u>
Total expenses	<u>4,004,262</u>	<u>-</u>	<u>4,004,262</u>	<u>3,849,530</u>
Operating income/(loss)	<u>135,601</u>	<u>-</u>	<u>135,601</u>	<u>166,278</u>
Non-operating income/(expense):				
Non-operating income:				
Display advertising	51,937	-	51,937	-
Rents and royalties	132,809	-	132,809	133,019
Miscellaneous income	6,534	-	6,534	1,467
Non-operating contribution to Jefferson Live!, LLC	-	-	-	(558,730)
Contributed proceeds from SOU bond agreement	170,000	-	170,000	-
Total non-operating income/(expense)	<u>361,280</u>	<u>-</u>	<u>361,280</u>	<u>(424,244)</u>
Change in net assets	<u>496,881</u>	<u>-</u>	<u>496,881</u>	<u>(257,966)</u>
Net assets at beginning of year	<u>5,743,139</u>	<u>-</u>	<u>5,743,139</u>	<u>6,001,105</u>
Net assets at end of year	<u>\$ 6,240,020</u>	<u>\$ -</u>	<u>\$ 6,240,020</u>	<u>\$ 5,743,139</u>

See accompanying notes to the financial statements.

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combined Statement of Cash Flows
Years Ended June 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 496,881	\$ (257,966)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,643	245,925
Realized and unrealized gain/(loss) on investments, net	(9,202)	(14,013)
Change in value of investment in Mt. Baldy LLC	(5,411)	(9,220)
Non-cash net contribution of buildings	-	99,806
Loss on disposal of assets	-	262,981
Contributions restricted for long term investment	(170,000)	-
(Increase) decrease in operating assets:		
Pledges receivable	(26,541)	(79,557)
Other receivables	45,574	(45,730)
Related party receivables	-	460,110
Prepaid expenses	(22,656)	(1,344)
Increase (decrease) in operating liabilities:		
Accounts payable	131,376	82,808
Accrued liabilities	27,141	(4,844)
Accrued vacation	6,204	1,984
Deferred revenue	2,030	(6,362)
Net cash provided (used) by operating activities	541,039	734,578
Cash flows from investing activities		
Proceeds from sale of investments	(60,000)	50,000
Purchase of property and equipment	(2,554,872)	(337,551)
Proceeds from sale of building	-	360,000
Assets restricted under bond indenture	1,330,000	-
Net cash provided (used) by investing activities	(1,284,872)	72,449
Cash flows from financing activities		
Payments on long-term debt	(9,616)	(9,305)
Proceeds from contributions restricted for long term investment	170,000	-
Net cash provided (used) by financing activities	160,384	(9,305)
Net increase (decrease) in cash and cash equivalents	(583,449)	797,722
Cash and cash equivalents, beginning of year	2,484,934	1,687,212
Cash and cash equivalents, end of year	\$ 1,901,485	\$ 2,484,934
Classification of cash		
Cash and cash equivalents	\$ 1,647,791	\$ 1,584,870
Restricted cash	253,694	900,064
Total cash	\$ 1,901,485	\$ 2,484,934
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 13,646	\$ 20,833

See accompanying notes to the financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

**Jefferson Public Radio (A Department of Southern Oregon University)
And JPR Foundation, Inc. (JPR Related Accounts)
Notes to the Combined Financial Statements
June 30, 2018**

NOTE 1 - NATURE OF OPERATIONS

Jefferson Public Radio (JPR) is a Department of Southern Oregon University (SOU) that serves 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 as the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with accounting for financial statements of not-for-profit organizations, which requires classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be presented in a statement of financial position and that the amounts of change in each of those classes of net assets be presented in a statement of activities. The assets, liabilities, revenues, expenses, and net assets of the Organization are reported in the following categories:

Unrestricted Net Assets – represent unrestricted resources available to support the Organization's operations and temporarily restricted resources which have become available for use by the Organization in accordance with the intention of the donor.

Temporarily Restricted Net Assets – represent contributions that are limited in use by the Organization in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Organization according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. Temporarily restricted net assets are available primarily for assistance and capital projects as designated by the donors.

Permanently Restricted Net Assets – represent net assets subject to donor imposed stipulations that they be maintained by the Organization in perpetuity. The Board of Directors has 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 permanently restricted donations absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanently restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the donors of these assets permit the Organization to use of all or part of the investment return on these assets.

**Jefferson Public Radio (A Department of Southern Oregon University)
And JPR Foundation, Inc. (JPR Related Accounts)
Notes to the Combined Financial Statements
June 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRINCIPLES OF COMBINATION

The combined financial statements of Jefferson Public Radio and the JPR Foundation, Inc. include the JPR Foundation and the accounts of Southern Oregon University 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 financial statements do not include the financial activities of JPR Foundation's wholly owned limited liability company Jefferson Live!, LLC.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers cash and cash equivalents to be all cash and money market accounts with an original maturity of three months or less at the date of acquisition that are not otherwise held by an investment advisor.

RESTRICTED CASH

The Organization has cash that is restricted by Southern Oregon University for the purposes of building the facility for JPR. Restricted cash as of June 30, 2018 and 2017 was \$253,694 and \$900,064, respectively.

INVESTMENTS

Investments are stated at fair value based on quoted market prices. Investment in marketable securities are adjusted to fair value through recognition of unrealized gains and losses in nonoperating income (loss) as they are classified as trading securities. 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 exdividend date. Expenses relating to investment revenues, including custodial fees and investment advisory fees have been netted against investment revenues in the accompanying Statement of Activities.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

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.

**Jefferson Public Radio (A Department of Southern Oregon University)
And JPR Foundation, Inc. (JPR Related Accounts)
Notes to the Combined Financial Statements
June 30, 2018**

NOTE 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 \$238,831 and \$222,494 consisting of donated programs, promotions, services and materials were received during the years ended June 30, 2018 and 2017, respectively.

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 has been allocated to JPR and reported as revenue and expense in the accompanying combined statement of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities are summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among program and support services based on total personnel costs or other systematic basis.

PROPERTY AND EQUIPMENT

Purchases of property and equipment are recorded at cost. Purchases exceeding \$5,000 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 unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, expirations or donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor.

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.

ADVERTISING EXPENSE

Advertising costs are expensed as they are incurred. Advertising expenses for the years ended June 30, 2018 and 2017 were \$102,788 and \$113,859, respectively.

USE OF ESTIMATES

The preparation of the combined 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 (A Department of Southern Oregon University)
And JPR Foundation, Inc. (JPR Related Accounts)
Notes to the Combined Financial Statements
June 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAX STATUS

Jefferson Public Radio is a department of Southern Oregon University and is exempt from federal and state income tax as a government 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. As of June 30, 2018 and 2017, no tax was due from this activity because advertising revenue does not exceed the expense of production and distribution of the publication.

No tax provision has been made in the accompanying statement of activities. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses. As of June 30, 2018 and 2017, there were no such uncertain tax positions.

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, 2018 and 2017 were \$8,708 and \$8,302, respectively.

RECLASSIFICATION

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications had no impact on prior year's change in net assets.

NOTE 3 - RESTATEMENT OF FINANCIAL STATEMENTS

During the year ended June 30, 2018, the Organization determined that the fiscal year 2017 beginning net assets needed to be restated due to an overstatement of previously reported capital assets and related accumulated depreciation.

These amounts have been corrected by restating the July 1, 2016 beginning unrestricted net assets as follows:

	<u>Unrestricted Net Assets</u>
Balance, June 30, 2016 as previously stated	\$ 6,664,728
Capital assets not previously recorded	10,056
Additional accumulated depreciation	(673,679)
Unrestricted net assets- July 1, 2016 as restated	\$ <u>6,001,105</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
And JPR Foundation, Inc. (JPR Related Accounts)
Notes to the Combined Financial Statements
June 30, 2018**

NOTE 4 - NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2018</u>	<u>2017</u>
CPB Grant, Radio Program and Broadcast	\$ 93,235	\$ 98,637
Okie Trust Endowment, Radio Operations	45,371	44,530
Unruh Grant Fund	4,576	-
Total net assets released from restriction	<u>\$ 143,182</u>	<u>\$ 143,167</u>

NOTE 5 – DEPOSITS IN EXCESS OF INSURED LIMITS

The JPR Foundation maintains accounts at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) and National Credit Union Association (NCUA) insures accounts at each financial institution up to \$250,000. As of June 30, 2018 and 2017, the funds held at certain financial institutions exceeded amounts insured by \$257,324 and \$517,802, respectively.

NOTE 6 - 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 \$1,674,103 and \$1,686,241, 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.

Other pledge activity is as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Pledges expected to be collected in less than one year	\$ 275,326	\$ 247,964
Less allowance for uncollectible pledges	(8,260)	(7,439)
Net pledges receivable due in less than one year	<u>\$ 267,066</u>	<u>\$ 240,525</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
And JPR Foundation, Inc. (JPR Related Accounts)
Notes to the Combined Financial Statements
June 30, 2018**

NOTE 7 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation, as of June 30, 2017 and 2018:

	6/30/2017 (as restated)	Additions	Deletions/ Transfers	6/30/2018
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	2,929,487	272,333	-	3,201,820
Total capital assets, depreciable	<u>2,929,487</u>	<u>272,333</u>	<u>2,708,795</u>	<u>5,910,615</u>
Less accumulated depreciation for				
Equipment	(2,476,017)	(65,643)	-	(2,541,660)
Total accumulated depreciation	<u>(2,476,017)</u>	<u>(65,643)</u>	<u>-</u>	<u>(2,541,660)</u>
Total capital assets being depreciated, net	<u>453,470</u>	<u>206,690</u>	<u>2,708,795</u>	<u>3,368,955</u>
Total property and equipment	<u>\$ 1,173,632</u>	<u>\$ 2,489,229</u>	<u>\$ -</u>	<u>\$ 3,662,861</u>

NOTE 8 - INTANGIBLE ASSETS

On June 30, 2018 and 2017, 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.

As of June 30, 2018 and 2017, intangible assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Purchased licenses recorded at cost	\$ 1,665,959	\$ 1,665,959
Donated licenses recorded at fair market value	<u>298,502</u>	<u>298,502</u>
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 basis 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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NOTE 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 using the equity method of accounting. As of June 30, 2018 and 2017 the Foundation's interest in Mt. Baldy Communications, LLC was \$74,081 and \$68,670, respectively.

NOTE 10 - 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 to September 30, 2029. For the years ended June 30, 2018 and 2017, rental expense was \$211,827 and \$213,502, respectively. As of June 30, 2018, minimum annual lease payments for leases with terms in excess of one year are as follows:

2019	\$	96,054
2020		84,055
2021		61,050
2022		47,362
2023		44,215
Thereafter		<u>179,425</u>
Total	\$	<u>512,161</u>

INCOME

Jefferson Public Radio and the JPR Foundation also sublease sites to other parties. For the years ended June 30, 2018 and 2017, rental income totaled \$132,809 and \$133,019, respectively. Subleases expire on dates ranging to September 30, 2029. As of June 30, 2018, minimum annual future receipts for subleases with terms in excess of one year are as follows:

2019	\$	139,990
2020		134,334
2021		131,962
2022		102,865
2023		83,590
Thereafter		<u>552,865</u>
Total	\$	<u>1,145,606</u>

NOTE 11 - LONG-TERM DEBT AND OBLIGATIONS

Obligations of JPR to Southern Oregon University -

JPR entered into a note payable with Southern Oregon University Internal Bank resulting from conversion of general obligation bonds issued in 1998 and 2004 to purchase equipment. Terms of the note once required semi-annual payments on December 31 and June 30 on a reducing payment schedule. Due to the transfer of the loan to SOU, terms of the note were amended during the 2015 fiscal year to require semi-annual payments on August 1, and February 1 on a reducing payment schedule with a reducing interest rate. The note matures on August 1, 2037.

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NOTE 11 - LONG-TERM DEBT AND OBLIGATIONS (continued)

Obligations of JPR to Southern Oregon University - (continued)

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 1st and December 1st of each year. Principal installments commence on July 1, 2018 and continue annually through June 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.

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 matures on September 10, 2018. The note is secured by real estate located in Redding, California.

On April 18, 2011, the Foundation entered into a note payable to U.S. Bank in the amount of \$500,000. The balance of the note as of June 30, 2016 was \$422,697. This obligation was refinanced out of the Foundation's name on January 24, 2017 and the remaining assets of the Holly Theatre (including the property) were contributed to Jefferson Live! LLC (related party).

On November 9, 2011, the Foundation entered into a note payable with the Larson Family Charitable Foundation (LFCF) in the amount of \$350,000. In January, 2017, Jefferson Live LLC paid \$87,000, and the asset and remaining obligation of \$263,000 was refinanced out of the Foundation's name and contributed to Jefferson Live! LLC (related party).

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, 2018 and 2017 was \$1,674,103 and \$1,686,241, respectively. These payments reimburse SOU's debt service associated with 2017 Series 1 General Obligation Bonds issued to build a 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 show on the following schedule.

Future maturities of long-term debt and obligations as of June 30, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2019	\$ 38,422	\$ 58,524	\$ 96,946
2020	46,671	56,654	103,325
2021	46,592	54,585	101,177
2022	46,515	52,876	99,391
2023	50,725	50,964	101,689
Thereafter	<u>1,114,053</u>	<u>413,963</u>	<u>1,528,016</u>
	<u>\$ 1,342,978</u>	<u>\$ 687,566</u>	<u>\$ 2,030,544</u>

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NOTE 11 - LONG-TERM DEBT AND OBLIGATIONS (continued)

The balance of long-term debt and obligations as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Note payable with Southern Oregon University Internal Bank	\$ 10,933	\$ 14,722
Long-term obligation with Southern Oregon University Internal Bank	1,330,000	1,330,000
Note payable to U.S. Bank	<u>2,045</u>	<u>7,872</u>
Subtotal	1,342,978	1,352,594
Less current portion	(38,422)	(9,617)
Total	<u>\$ 1,304,556</u>	<u>\$ 1,342,977</u>

NOTE 12 - 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 Foundation's maximum potential amount of future payments under the guarantee are as follows:

- As of June 30, 2018, Jefferson Live! LLC owed U.S. Bank \$385,622 associated with its purchase of the Holly Theatre. Total remaining debt service (principal and interest) is \$443,967 and the obligation matures on December 31, 2021. The obligation is secured by real property known as 226 West 6th 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, 2018, Jefferson Live! LLC owed U.S. Bank \$777,953 associated with its purchase of the Cascade Theatre. Total remaining debt service (principal and interest) is \$1,129,968 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, 2018, Jefferson Live! LLC owed U.S. Bank \$244,818 associated with its purchase of the Front Street property. Total remaining debt service (principal and interest) is \$355,545 and the obligation matures on December 31, 2031. The obligation is secured by real property known as 315 S. Front 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, 2018 and 2017, in accordance with applicable accounting standards, the Foundation has not recorded a liability associated with the guarantees.

NOTE 13 – FAIR VALUE OF FINANCIAL INVESTMENTS

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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

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NOTE 13 – FAIR VALUE OF FINANCIAL INVESTMENTS (continued)

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying values of cash and cash equivalents, grants and contracts receivable, other receivables, pledges receivable, accounts payable, and accrued liabilities, approximates their fair value due to the short maturity of such instruments.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2018 and 2017:

	2018		
	Level 1	Level 2	Total
Assets:			
Investments:			
Equity mutual funds	\$ 71,632	\$ -	\$ 71,632
Cash held by investment advisor	60,338	-	60,338
Bond fund	-	21,970	21,970
	<u>\$ 131,970</u>	<u>\$ 21,970</u>	<u>\$ 153,940</u>
	2017		
	Level 1	Level 2	Total
Assets:			
Investments:			
Equity mutual funds	\$ 62,609	\$ -	\$ 62,609
Cash held by investment advisor	305	-	305
Bond fund	-	21,824	21,824
	<u>\$ 62,914</u>	<u>\$ 21,824</u>	<u>\$ 84,738</u>

NOTE 14 - RELATED PARTY TRANSACTIONS

As a department of Southern Oregon University, JPR received \$1,330,000 in assets restricted under bond indenture for the purposes of building a facility for JPR. Simultaneously, the Foundation entered into an Agreement to Exchange Services and Support with SOU and agreed to assume the associated debt for these bond payments. The Foundation agreed to provide \$2,053,914 in support to the University that will be paid over a 20 year period (unconditional promise to give). 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 \$1,674,103 and \$1,686,241, respectively.

This amount was eliminated in the combined financial statements as SOU elected to account for its receivable in its JPR department.

**Jefferson Public Radio (A Department of Southern Oregon University)
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NOTE 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 as of June 30, 2018 and 2017 were \$192,831 for both years. These liens expire August 31, 2021.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated for the year ended June 30, 2018 through October 31, 2018, the date the combined financial statements were available to be issued. No subsequent events were noted by management that require note disclosure.

SUPPLEMENTARY INFORMATION

**Jefferson Public Radio (A Department of Southern Oregon University)
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Combining Schedule of Financial Position
June 30, 2018**

	<u>JPR-SOU</u>	<u>JPR Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,959	\$ 1,645,832	\$ -	\$ 1,647,791
Restricted cash	253,694	-	-	253,694
Investments	-	153,940	-	153,940
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 and non-depreciable buildings	-	293,906	-	293,906
Buildings and equipment, net of accumulated depreciation	3,361,765	7,190	-	3,368,955
Total property and equipment	<u>3,361,765</u>	<u>301,096</u>	<u>-</u>	<u>3,662,861</u>
Other assets:				
Prepaid expense, 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, net	1,964,461	-	-	1,964,461
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>7,312,733</u>	<u>2,495,771</u>	<u>(1,674,103)</u>	<u>8,134,401</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 and obligation	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 and obligation, net of current portion	1,304,556	-	-	1,304,556
Total long-term liabilities	<u>1,304,556</u>	<u>1,674,103</u>	<u>(1,674,103)</u>	<u>1,304,556</u>
Total liabilities	<u>1,806,379</u>	<u>1,762,105</u>	<u>(1,674,103)</u>	<u>1,894,381</u>
Net assets:				
Unrestricted	3,832,251	733,666	1,674,103	6,240,020
Temporarily restricted	1,674,103	-	(1,674,103)	-
Total net assets	<u>5,506,354</u>	<u>733,666</u>	<u>-</u>	<u>6,240,020</u>
Total liabilities and net assets	<u>\$ 7,312,733</u>	<u>\$ 2,495,771</u>	<u>\$ (1,674,103)</u>	<u>\$ 8,134,401</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combining Schedule of Financial Position (as restated)
June 30, 2017**

	<u>JPR-SOU</u>	<u>JPR Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 556	\$ 1,584,314	\$ -	\$ 1,584,870
Restricted cash	900,064	-	-	900,064
Investments	-	84,738	-	84,738
Pledges receivable, net	-	240,525	-	240,525
Other receivables, net	20,813	31,656	-	52,469
Bequest receivable	-	50,000	-	50,000
Prepaid expenses	10,485	16,601	-	27,086
Deposits	-	1,500	-	1,500
Total current assets	<u>931,918</u>	<u>2,009,334</u>	<u>-</u>	<u>2,941,252</u>
Property and equipment				
Land and non-depreciable buildings	426,256	293,906	-	720,162
Buildings and equipment, net of accumulated depreciation	443,090	10,380	-	453,470
Total property and equipment	<u>869,346</u>	<u>304,286</u>	<u>-</u>	<u>1,173,632</u>
Other assets				
Prepaid expense, non-current	2,370	-	-	2,370
Related party receivable	1,686,241	-	(1,686,241)	-
Mt. Baldy Communications, LLC	-	68,670	-	68,670
Asset restricted under bond indenture	1,330,000	-	-	1,330,000
Intangible assets, net	1,964,461	-	-	1,964,461
Total other assets	<u>4,983,072</u>	<u>68,670</u>	<u>(1,686,241)</u>	<u>3,365,501</u>
Total assets	<u>6,784,336</u>	<u>2,382,290</u>	<u>(1,686,241)</u>	<u>7,480,385</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	113,414	7,242	-	120,656
Accrued liabilities	119,005	7,456	-	126,461
Accrued vacation	67,721	4,587	-	72,308
Deferred income	-	64,227	-	64,227
Lease deposits	-	1,000	-	1,000
Current portion of long-term debt and obligation	3,789	5,828	-	9,617
Total current liabilities	<u>303,929</u>	<u>90,340</u>	<u>-</u>	<u>394,269</u>
Long-term liabilities:				
Related party payable	-	1,686,241	(1,686,241)	-
Long-term debt and obligation, net of current portion	1,340,933	2,044	-	1,342,977
Total long-term liabilities	<u>1,340,933</u>	<u>1,688,285</u>	<u>(1,686,241)</u>	<u>1,342,977</u>
Total liabilities	<u>1,644,862</u>	<u>1,778,625</u>	<u>(1,686,241)</u>	<u>1,737,246</u>
Net assets				
Unrestricted (Restated)	3,453,233	603,665	1,686,241	5,743,139
Temporarily restricted	1,686,241	-	(1,686,241)	-
Total net assets	<u>5,139,474</u>	<u>603,665</u>	<u>-</u>	<u>5,743,139</u>
Total liabilities and net assets	<u>\$ 6,784,336</u>	<u>\$ 2,382,290</u>	<u>\$ (1,686,241)</u>	<u>\$ 7,480,385</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combining Schedule of Activities
Year Ended June 30, 2018**

	JPR-SOU	JPR Foundation	Eliminations	Total
Revenues, support, and other income				
Revenues and support:				
Membership and contributions	\$ 18,893	\$ 1,480,592	\$ -	\$ 1,499,485
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	-	59,947	-	59,947
Donated programs, services and materials	88,191	109,112	-	197,303
Fundraising events	13,545	37,284	-	50,829
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/(loss) on investments, net	-	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, and other income	<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:				
Operating	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/(expense):				
Display advertising	-	51,937	-	51,937
Rents and royalties	95,225	37,584	-	132,809
Miscellaneous income	5,036	1,498	-	6,534
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/(expense)	<u>284,703</u>	<u>91,019</u>	<u>(14,442)</u>	<u>361,280</u>
Transfers in (out)	<u>1,785,705</u>	<u>(1,785,705)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>366,880</u>	<u>130,001</u>	<u>-</u>	<u>496,881</u>
Net assets at beginning of year	<u>5,139,474</u>	<u>603,665</u>	<u>-</u>	<u>5,743,139</u>
Net assets at end of year	<u>\$ 5,506,354</u>	<u>\$ 733,666</u>	<u>\$ -</u>	<u>\$ 6,240,020</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combining Schedule of Activities
Year Ended June 30, 2017**

	JPR-SOU	JPR Foundation	Eliminations	Total
Revenues, support, and other income:				
Revenues and support:				
Membership and contributions	\$ 426	\$ 1,397,417	\$ -	\$ 1,397,843
Program underwriting	5,188	701,268	-	706,456
Southern Oregon University:				
General appropriations	266,889	-	-	266,889
Indirect administrative support	811,482	-	-	811,482
Corporation for Public Broadcasting Grants	425,826	-	-	425,826
Other grants and planned gifts	12,836	113,223	-	126,059
Donated programs, services and materials	46,742	112,776	-	159,518
Fundraising events	-	55,814	-	55,814
Jeffnet internet service royalties	-	36,967	-	36,967
Contribution from JPR Foundation	1,686,241	-	(1,686,241)	-
Total revenues and support	<u>3,255,630</u>	<u>2,417,465</u>	<u>(1,686,241)</u>	<u>3,986,854</u>
Other income:				
Interest and dividend income	11	6,015	-	6,026
Realized and unrealized gain/(loss) on investments, net	-	13,708	-	13,708
Change in value of investment in Mt. Baldy LLC	-	9,220	-	9,220
Total other income	<u>11</u>	<u>28,943</u>	<u>-</u>	<u>28,954</u>
Total revenues , support, and other income	<u>3,255,641</u>	<u>2,446,408</u>	<u>(1,686,241)</u>	<u>4,015,808</u>
Expenses:				
Program services:				
Programming and production	1,278,581	39,690	-	1,318,271
Broadcasting	996,194	369,289	-	1,365,483
Program information and promotion	113,254	158,622	-	271,876
Total program services	<u>2,388,029</u>	<u>567,601</u>	<u>-</u>	<u>2,955,630</u>
Supporting services:				
Management and general:				
Operating	200,595	12,252	-	212,847
Fundraising and membership development	142,048	131,453	-	273,501
Underwriting and grant solicitation	77,960	83,667	-	161,627
Depreciation	242,734	3,191	-	245,925
Related-party contribution	-	1,686,241	(1,686,241)	-
Total supporting services	<u>663,337</u>	<u>1,916,804</u>	<u>(1,686,241)</u>	<u>893,900</u>
Total expenses	<u>3,051,366</u>	<u>2,484,405</u>	<u>(1,686,241)</u>	<u>3,849,530</u>
Operating income/(loss):	<u>204,275</u>	<u>(37,997)</u>	<u>-</u>	<u>166,278</u>
Non-operating income/(expense):				
Rents and royalties	94,739	38,280	-	133,019
Miscellaneous income	-	1,467	-	1,467
Non-operating contribution to Jefferson Live!, LLC	-	(558,730)	-	(558,730)
Total non-operating income/(expense)	<u>94,739</u>	<u>(518,983)</u>	<u>-</u>	<u>(424,244)</u>
Transfers in (out)	<u>2,487,936</u>	<u>(2,487,936)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>2,786,950</u>	<u>(3,044,916)</u>	<u>-</u>	<u>(257,966)</u>
Net assets at beginning of year (as restated)	<u>2,352,524</u>	<u>3,648,581</u>	<u>-</u>	<u>6,001,105</u>
Net assets at end of year	<u>\$ 5,139,474</u>	<u>\$ 603,665</u>	<u>\$ -</u>	<u>\$ 5,743,139</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Schedule of Expenses by Entity
Year Ended June 30, 2018**

	<u>JPR-SOU</u>	<u>JPR Foundation</u>	<u>Eliminations</u>	<u>Total</u>
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
Total expenses	<u>\$ 3,445,928</u>	<u>\$ 572,776</u>	<u>\$ (14,442)</u>	<u>\$ 4,004,262</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Schedule of Expenses by Entity
Year Ended June 30, 2017**

	<u>JPR-SOU</u>	<u>JPR Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Salaries and benefits	\$ 1,063,474	\$ 97,879	\$ -	\$ 1,161,353
Advertising	7,080	106,779	-	113,859
Bank and credit card fees	-	19,950	-	19,950
Bad debts	-	48,913	-	48,913
Permits and fees	-	28,636	-	28,636
Dues and subscriptions	11,440	-	-	11,440
Telephone / data lines	11,795	24,221	-	36,016
Postage	-	43,429	-	43,429
Printing	944	31,311	-	32,255
Insurance	3,146	4,855	-	8,001
Interest	20,389	750	-	21,139
Programming	400,069	5,800	-	405,869
Professional services/ contract labor	22,044	13,071	-	35,115
Legal	36,000	375	-	36,375
Repairs, maintenance, and equipment	51,152	145	-	51,297
Property leases	193,224	-	-	193,224
Utilities	110,845	73,873	-	184,718
Property taxes	271	1,206	-	1,477
Service and supplies	7,778	7,708	-	15,486
Special events	-	19,874	-	19,874
Special projects	-	17	-	17
Travel	10,757	1,503	-	12,260
Donated services and materials	46,742	560,426	-	607,168
Related party contribution	-	1,686,241	(1,686,241)	-
Indirect admin. support	811,482	-	-	811,482
Depreciation	242,734	3,191	-	245,925
Loss on sale of assets	-	262,982	-	262,982
Total expenses	<u>\$ 3,051,366</u>	<u>\$ 3,043,135</u>	<u>\$ (1,686,241)</u>	<u>\$ 4,408,260</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combining Schedule of Activities
Year Ended June 30, 2018**

	<u>KSOR-FM</u>	<u>KNCA-FM</u>	<u>Total</u>
Revenues, support, and other income			
Revenues and support:			
Membership and contributions	\$ 1,293,521	\$ 205,964	\$ 1,499,485
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	59,947	-	59,947
Donated programs, services and materials	136,176	61,127	197,303
Fundraising events	50,829	-	50,829
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 (loss), net of fees	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 and other income	<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/(expense):			
Display advertising	51,937	-	51,937
Rents and royalties	63,454	69,355	132,809
Miscellaneous income	6,534	-	6,534
Contributed proceeds from SOU bond agreement	170,000	-	170,000
Total non-operating income/(expense)	<u>291,925</u>	<u>69,355</u>	<u>361,280</u>
Change in net assets	485,433	11,448	496,881
Net assets at beginning of year	<u>5,746,983</u>	<u>(3,844)</u>	<u>5,743,139</u>
Net assets at end of year	<u>\$ 6,232,416</u>	<u>\$ 7,604</u>	<u>\$ 6,240,020</u>

**Jefferson Public Radio (A Department of Southern Oregon University)
and JPR Foundation, Inc. (JPR Related Accounts)
Combining Schedule of Activities
Year Ended June 30, 2017**

	<u>KSOR-FM</u>	<u>KNCA-FM</u>	<u>Total</u>
Revenues, support and other income			
Revenues and support:			
Membership and contributions	\$ 1,189,471	208,372	\$ 1,397,843
Program underwriting	633,247	73,209	706,456
Southern Oregon University:			
General appropriations	157,112	109,777	266,889
Indirect administrative support	662,296	149,186	811,482
Corporation for Public Broadcasting Grants	289,959	135,867	425,826
Other grants and planned gifts	126,059	-	126,059
Donated programs, services and materials	89,874	69,644	159,518
Fundraising events	55,814	-	55,814
Jeffnet internet service royalties	36,967	-	36,967
Total revenues and support	<u>3,240,799</u>	<u>746,055</u>	<u>3,986,854</u>
Other income:			
Interest and dividend income	6,026	-	6,026
Realized and unrealized gain (loss), net of fees	13,708	-	13,708
Total other income	<u>19,734</u>	<u>-</u>	<u>19,734</u>
Total revenues, support, and other income	<u>3,260,533</u>	<u>746,055</u>	<u>4,006,588</u>
Expenses:			
Program services:			
Programming and production	843,555	474,716	1,318,271
Broadcasting	1,242,628	122,855	1,365,483
Program information and promotion	220,927	50,949	271,876
Total program services	<u>2,307,110</u>	<u>648,520</u>	<u>2,955,630</u>
Supporting services:			
Management and general:			
Operating	174,692	38,155	212,847
Fundraising and membership development	259,012	14,489	273,501
Underwriting and grant solicitation	119,970	41,657	161,627
Depreciation	183,060	62,865	245,925
Total supporting services	<u>736,734</u>	<u>157,166</u>	<u>893,900</u>
Total expenses	<u>3,043,844</u>	<u>805,686</u>	<u>3,849,530</u>
Operating income/(loss):	<u>216,689</u>	<u>(59,631)</u>	<u>157,058</u>
Non-operating income/(expense):			
Rents and royalties	64,521	68,498	133,019
Miscellaneous income	1,467	-	1,467
Non-operating contribution to Jefferson Live!, LLC	(558,730)	-	(558,730)
Change in value of beneficial interest	9,220	-	9,220
Total non-operating income/(expense)	<u>(483,522)</u>	<u>68,498</u>	<u>(415,024)</u>
Change in net assets	<u>(266,833)</u>	<u>8,867</u>	<u>(257,966)</u>
Net assets at beginning of year (as restated)	<u>6,013,816</u>	<u>(12,711)</u>	<u>6,001,105</u>
Net assets at end of year	<u>\$ 5,746,983</u>	<u>\$ (3,844)</u>	<u>\$ 5,743,139</u>