



Financial Statements
June 30, 2023 and 2022

KALW-FM Radio

A Public Telecommunications Entity
Operated by KALW Public Media, Inc.

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Independent Auditor's Report

To the Board of Directors
KALW Public Media, Inc. and KALW-FM Radio
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KALW-FM Radio, a public telecommunications entity operated by KALW Public Media, Inc. (the Station), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Salt Lake City, Utah
February 14, 2024

KALW-FM Radio
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 960,572	\$ 477,342
Grants and contributions receivable, current portion, net	1,209,696	762,025
Prepaid expenses and deposits	<u>33,817</u>	<u>16,002</u>
Total current assets	2,204,085	1,255,369
Cash and Cash Equivalents Restricted to Long-Term Purposes	300,000	-
Contributions Receivable Restricted to Long-Term Purposes	345,000	-
Grants and Contributions Receivable, Less Current Portion	80,051	65,000
Property and Equipment, Net	71,974	78,105
Operating Lease Right-of-Use Assets	<u>1,532</u>	<u>-</u>
	<u><u>\$ 3,002,642</u></u>	<u><u>\$ 1,398,474</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,039,732	\$ 1,015,501
Accrued expenses	102,241	81,606
Current maturities of operating lease liabilities	<u>1,532</u>	<u>-</u>
Total current liabilities	<u>1,143,505</u>	<u>1,097,107</u>
Net Assets		
Net deficit without donor restrictions	(542,256)	(413,393)
Net assets with donor restrictions	<u>2,401,393</u>	<u>714,760</u>
Total net assets	<u>1,859,137</u>	<u>301,367</u>
	<u><u>\$ 3,002,642</u></u>	<u><u>\$ 1,398,474</u></u>

KALW-FM Radio
Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Assets without Donor Restrictions		
Public support and revenue		
Grants and contributions	\$ 2,811,679	\$ 2,454,387
Underwriting revenue	72,622	32,237
In-kind contributions	473,948	482,641
Events and other income	18,698	2,363
Net assets released from restrictions	<u>896,874</u>	<u>530,894</u>
Total public support and revenue	<u>4,273,821</u>	<u>3,502,522</u>
Expenses		
Program services		
Broadcasting	152,895	87,259
Programming	<u>3,403,149</u>	<u>3,034,849</u>
Total program services	3,556,044	3,122,108
Support services		
Management and general	511,446	460,534
Membership	412,128	365,967
Underwriting and grant solicitation	<u>43,398</u>	<u>37,720</u>
Total expenses	<u>4,523,016</u>	<u>3,986,329</u>
Change in Net Assets without Donor Restrictions	<u>(249,195)</u>	<u>(483,807)</u>
Net Assets with Donor Restrictions		
Grants and contributions	2,623,507	598,960
Net assets released from restrictions	<u>(896,874)</u>	<u>(530,894)</u>
Change in Net Assets with Donor Restrictions	<u>1,726,633</u>	<u>68,066</u>
Services Received From an Affiliate	120,332	116,862
Change in Net Assets	1,477,438	(415,741)
Net Assets, Beginning of Year	<u>301,367</u>	<u>600,246</u>
Net Assets, End of Year	<u><u>\$ 1,899,137</u></u>	<u><u>\$ 301,367</u></u>

KALW-FM Radio
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Support Services			
	Broadcasting	Programming	Total	Management and General	Membership	Underwriting and Grant Solicitation	Total
Salaries and employee benefits	\$ 80,565	\$ 1,373,652	\$ 1,454,217	\$ 144,317	\$ 139,661	\$ 34,635	\$ 1,772,830
Program acquisition	-	451,261	451,261	-	-	-	451,261
Office and other supplies	-	33,588	33,588	27,898	-	773	62,259
Donated transmitter site	45,000	-	45,000	-	-	-	45,000
Occupancy expense	-	218,359	218,359	136,759	136,759	-	491,877
Administrative & other in-kind	-	-	-	57,404	-	-	57,404
Contracted services	26,355	1,215,986	1,242,341	123,939	-	-	1,366,280
Marketing and membership	-	9,287	9,287	4,002	90,149	-	103,438
Bank and credit card fees	-	9	9	5,335	44,761	-	50,105
Telecommunications	-	25,134	25,134	16,640	-	-	41,774
Repairs and maintenance	975	1,017	1,992	12,291	-	-	14,283
Depreciation expense	-	20,824	20,824	-	-	-	20,824
Travel and conferences	-	22,054	22,054	1,396	798	-	24,248
Insurance	-	-	-	13,443	-	-	13,443
Bad debt expense	-	-	-	-	-	7,990	7,990
Total functional expenses	<u>\$ 152,895</u>	<u>\$ 3,371,171</u>	<u>\$ 3,524,066</u>	<u>\$ 543,424</u>	<u>\$ 412,128</u>	<u>\$ 43,398</u>	<u>\$ 4,523,016</u>

KALW-FM Radio
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Support Services			
	Broadcasting	Programming	Total	Management and General	Membership	Underwriting and Grant Solicitation	Total
Salaries and employee benefits	\$ -	\$ 802,512	\$ 802,512	\$ 67,871	\$ 114,877	\$ 37,502	\$ 1,022,762
Program acquisition	-	492,634	492,634	-	-	-	492,634
Office and other supplies	2,056	29,791	31,847	30,736	1,407	-	63,990
Donated transmitter site	45,000	-	45,000	-	-	-	45,000
Occupancy expense	-	218,358	218,358	136,759	136,759	-	491,876
Administrative & other in-kind	-	-	-	62,627	-	-	62,627
Contracted services	40,203	1,417,525	1,457,728	116,188	312	-	1,574,228
Marketing and membership	-	-	-	3,000	77,972	-	80,972
Bank and credit card fees	-	-	-	2,665	34,640	218	37,523
Telecommunications	-	21,178	21,178	20,372	-	-	41,550
Repairs and maintenance	-	5,170	5,170	3,637	-	-	8,807
Depreciation expense	-	15,517	15,517	-	-	-	15,517
Travel and conferences	-	32,164	32,164	2,605	-	-	34,769
Insurance	-	-	-	14,074	-	-	14,074
Total functional expenses	<u>\$ 87,259</u>	<u>\$ 3,034,849</u>	<u>\$ 3,122,108</u>	<u>\$ 460,534</u>	<u>\$ 365,967</u>	<u>\$ 37,720</u>	<u>\$ 3,986,329</u>

KALW-FM Radio
Statements of Cash Flows
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 1,477,438	\$ (415,741)
Services received from an affiliate	120,332	116,862
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	20,824	15,517
Contributions restricted to long-term purposes	(645,000)	-
Changes in operating assets and liabilities		
Grants and contributions receivable	(502,722)	(79,371)
Prepaid expenses and deposits	(17,815)	(13,068)
Accounts payable	24,231	606,727
Accrued expenses	20,635	(122,791)
Net Cash from Operating Activities	<u>497,923</u>	<u>108,135</u>
Investing Activities		
Purchase of property and equipment	<u>(14,693)</u>	<u>(65,668)</u>
Net Cash used for Investing Activities	<u>(14,693)</u>	<u>(65,668)</u>
Financing Activities		
Collections of contributions restricted for long-term purposes	<u>300,000</u>	<u>-</u>
Net Cash from Financing Activities	<u>300,000</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	783,230	42,467
Cash and Cash Equivalents, Beginning of Year	<u>477,342</u>	<u>434,875</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,260,572</u>	<u>\$ 477,342</u>
Cash and cash equivalents	\$ 960,572	\$ 477,342
Cash and cash equivalents restricted to long-term purposes	<u>300,000</u>	<u>-</u>
Total cash and cash equivalents and cash and cash equivalents restricted to long-term purposes	<u>\$ 1,260,572</u>	<u>\$ 477,342</u>

Note 1 - Summary of Significant Accounting Policies

Organization

KALW-FM Radio (the Station) is a National Public Radio member station operated by KALW Public Media, Inc. (KPM), previously operated by the licensee, San Francisco Unified School District (SFUSD). The Station was organized as a California nonprofit corporation in 2019 and is subject to the laws and regulations of the State of California. SFUSD entered into a public service agreement with KPM effective December 4, 2020. KPM began operating the Station on behalf of the licensee through December 3, 2028, with an automatic eight-year renewal period, unless notice of non-renewal is provided by either party. The financial statements represent the operations of the Station. While KPM operates the Station, SFUSD still holds the FCC license and certain broadcast equipment.

Cash and Cash Equivalents

The Station considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable amounts based on historical experiences, an assessment of economic conditions, and a review of subsequent collections. Uncollectable amounts are written off when deemed uncollectable. At June 30, 2023 and 2022, the allowance was \$7,240 and \$0, respectively.

Property and Equipment

The Station records property and equipment additions over \$1,000 at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Station reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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.

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.

The Station reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. 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.

Revenue and Revenue Recognition

Grants and Contributions

The Station recognizes contribution revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Station's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2023 and 2022, conditional contributions approximating \$325,191 and \$31,167, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Underwriting Revenue

For performance obligations related to underwriting revenue, revenue is recognized over time. The Station uses the output method to recognize revenue over time. The output method consists of the percentage of broadcasting spots aired to date to the total number of contractual ad spots. This method is used because management considers ad spots to be the best available measure of progress on the contracts.

Donated Space and Professional Services and In-Kind Contributions

In-kind contributions include donated professional services, donated space, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 6). The Station does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to the Station's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. The Station records donated space and professional services at the respective fair values of the space and services received.

Services Received From Personnel of an Affiliate

Employees of an affiliated organization contribute significant amounts of time to the Station's general and administrative services. These services are considered services received from personnel of an affiliate and are recorded as net asset transfers and expenses in the statements of activities.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include annual rent expense, which is allocated on a square footage basis, as well as salaries and employee benefits, office and other supplies, administrative and other in-kind, contracted services, telecommunications, repairs and maintenance, and travel and conferences, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Income Taxes

KPM is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction, and has been determined not to be a private foundation. KPM is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, KPM is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. KPM has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Station believes that it has appropriate support for any tax positions taken affecting annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Station would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact previously reported net assets.

Recently Adopted Accounting Standards

Effective July 1, 2022, the Station adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Station elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Station has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Station accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Station recognized on July 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to net assets. The adoption of the new standard did not materially impact the Station's Statements of Financial Position, Statements of Activities or Statements of Cash Flows. See Note 10 for further disclosure of the Station's lease contracts.

Subsequent Events

The Station has evaluated subsequent events through February 14, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 960,572	\$ 477,342
Grants and contributions receivable, current portion	<u>1,209,696</u>	<u>762,025</u>
	2,170,268	1,239,367
Less amounts restricted for specific purposes by donors	<u>(1,346,393)</u>	<u>(584,760)</u>
	<u><u>\$ 823,875</u></u>	<u><u>\$ 654,607</u></u>

From time to time, as part of a liquidity management plan, excess cash is invested in interest-bearing savings accounts. Occasionally, the Board of Directors designates a portion of any operating surplus to its operating reserve.

Note 3 - Grants and Contributions Receivable

Grants and contributions receivable are estimated to be collected as follows at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 1,216,936	\$ 762,025
In one to five years	80,051	65,000
Less estimated uncollectable amounts	<u>(7,240)</u>	<u>-</u>
	<u><u>\$ 1,289,747</u></u>	<u><u>\$ 827,025</u></u>

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 494,442	\$ 479,749
Less accumulated depreciation	<u>(422,468)</u>	<u>(401,644)</u>
	<u><u>\$ 71,974</u></u>	<u><u>\$ 78,105</u></u>

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose		
Audio content	\$ 545,036	39,100
Grants and contributions receivable, the proceeds from which have been restricted by donors for Audio content	<u>841,357</u>	<u>545,660</u>
	1,386,393	584,760
Subject to Passage of Time		
Grants and contributions receivable that are not restricted by donors but which are unavailable for expenditure until due	<u>410,000</u>	<u>130,000</u>
Perpetual in nature		
General use	<u>645,000</u>	<u>-</u>
	<u><u>\$ 2,441,393</u></u>	<u><u>\$ 714,760</u></u>

Perpetual in nature includes funds received or receivable from a trust that are intended to be held in perpetuity. The earnings on the funds are unrestricted and available for general use when received.

Note 6 - Donated Space and Professional Services

The Station received donated space and professional services and were reported in the statement of functional expenses as follows during the years ended June 30, 2023 and 2022:

June 30, 2023

	Program Services	Management and General	Membership	Total
Donated transmitter site	\$ 45,000	\$ -	\$ -	\$ 45,000
Occupancy expenses	218,358	136,759	136,759	491,876
Administrative & other in-kind	-	57,404	-	57,404
Total in-kind	<u>\$ 263,358</u>	<u>\$ 194,163</u>	<u>\$ 136,759</u>	<u>\$ 594,280</u>

June 30, 2022

	Program Services	Management and General	Fundraising	Total
Donated transmitter site	\$ 45,000	\$ -	\$ -	\$ 45,000
Occupancy expenses	218,358	136,759	136,759	491,876
Administrative & other in-kind	-	62,627	-	62,627
Total in-kind	<u>\$ 263,358</u>	<u>\$ 199,386</u>	<u>\$ 136,759</u>	<u>\$ 599,503</u>

The Station's office and studio space, as well as the usage of the SFUSD radio transmitter, is being provided for an indefinite period of time by SFUSD. The fair value the office and studio space, as well as the SFUSD radio transmitter are based on market rates of similar space in the surrounding area. The estimated value of the space and transmitter usage for the years ended June 30, 2023 and 2022, was \$536,876 and \$536,876, respectively, which are included in donated transmitter site and occupancy expenses in the statement of functional expenses. The Station receives significant assistance from SFUSD including \$120,332 and \$116,862 of administrative and oversight services provided by SFUSD to the Station during the years ended June 30, 2023 and 2022, respectively, which are accounted for as another change in net assets in the accompanying statements of activities.

Note 7 - Concentrations

The Station received significant support from a single donor during the year ended June 30, 2023. The donations totaled approximately 25% of all revenue for the year June 30, 2023.

Note 8 - Employee Benefit Plan

Effective June 27, 2022, the Station established a defined contribution plan covering substantially all employees of the Station under Section 401(k) of the Internal Revenue Code. The plan provides that employees who have attained the age of 18, upon their first full pay period, are able to contribute up to the maximum contribution allowed by the IRS. The plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the plan with a contribution rate of 6% unless they affirmatively elect not to participate in the plan. Employer discretionary contributions and profit sharing contribution provisions are included in the plan and are determined by the Board of Directors on an annual basis and were 2% for the year ended June 30, 2023. For the years ended June 30, 2023 and 2022, employer-paid contributions to the plan totaled \$19,515 and \$428, respectively.

Note 9 - Related Party Transactions

As further discussed in Note 6, the Station receives significant assistance from SFUSD. The Station also receives donated space and the usage of the radio tower from SFUSD as further discussed in Note 6. At June 30, 2023 and 2022, the Station owes SFUSD \$798,103 and \$550,590, respectively, to reimburse SFUSD for costs incurred on behalf of the Station.

Note 10 - Leases

The Station leases equipment under long-term, non-cancelable operating lease agreements. All of the leases provide for twelve-month renewal options commencing at the expiration of the initial lease term. The Station included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Also, the agreements generally require the Station to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Station has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Station has applied the risk-free rate option to the building class of assets.

The Station has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Station elected the practical expedient to not separate lease and non-lease components for real estate leases.

Total lease costs for the year ended June 30, 2023, were as follows:

Operating lease cost	\$	2,070
Variable lease cost		178

Total lease expense for the year ended June 30, 2022, totaled \$2,070.

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease term:	
Operating leases	0.75 Years
Weighted-average discount rate:	
Operating leases	4.00%

The future minimum lease payments under the noncancelable operating leases with terms greater than one year are listed below as of June 30, 2023.

	Operating
2024	\$ 1,553
	<hr/>
Total lease payments	1,553
Less interest	(21)
	<hr/>
Present value of lease liabilities	\$ 1,532
	<hr/> <hr/>

Future minimum payments determined under the guidance in Topic 840 are listed below as of June 30, 2022.

	Operating
2023	\$ 2,070
2024	1,553
	<hr/>
Total minimum lease payments	\$ 3,623
	<hr/> <hr/>