

# **KAZU 90.3 FM**

## **A Business-Type Activity of the University Corporation at Monterey Bay**



### **Audited Financial Statements**

Years Ended June 30, 2024 and 2023



**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Annual Report**  
**Years Ended**  
**June 30, 2024 and 2023**

**Table of Contents**

	Page
• Independent Auditors' Report	1 – 4
• Management's Discussion and Analysis	5 – 12
• Financial Statements Years Ended June 30, 2024 and 2023	
○ Statements of Net Position	14
○ Statements of Revenues, Expenses and Changes in Net Position	15 – 16
○ Statements of Cash Flows	17 – 18
○ Notes to Financial Statements	19 – 29
• Supplemental Information	31 - 32
• Independent Auditors' Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	33 - 34

## Independent Auditors' Report

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California

### Opinion

We have audited the accompanying financial statements of the business-type activities for KAZU 90.3 FM, as of June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KAZU 90.3 FM as of June 30, 2024 and 2023, and the change in financial position and 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 KAZU 90.3 FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 1, the financial statements of KAZU 90.3 FM, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities of the University Corporation at Monterey Bay that is attributable to KAZU 90.3 FM. They do not purport to, and do not present fairly the financial position of the University Corporation at Monterey Bay as of June 30, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 KAZU 90.3 FM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, 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 KAZU 90.3 FM'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 KAZU 90.3 FM'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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California  
Page 4

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise KAZU 90.3 FM's basic financial statements. The accompanying supplementary information on page 31 is presented for purposes of additional analysis as required by the Corporation for Public Broadcasting and is not a required part of the basic financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the KAZU 90.3 FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the KAZU 90.3 FM's internal control over financial reporting and compliance.

GLENN BURDETTE ATTEST CORPORATION

Glenn Burdette Attest Corporation  
San Luis Obispo, California

November 25, 2024

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

KAZU 90.3 FM Radio Station (KAZU) is a business-type activity of the University Corporation at Monterey Bay (Corporation). The Corporation is an auxiliary organization in good standing of California State University, Monterey Bay (CSUMB or University). The Corporation is an IRC Section 501(c)(3) not-for-profit public benefit corporation and its primary objective is to support the University. The Corporation manages the University's post-award grants and contracts activities; commercial enterprise sales and services including student and employee housing, dining, bookstore and vending operations, KAZU; and provides accounting services to the philanthropic Foundation of California State University, Monterey Bay (Foundation) and the Otter Student Union (OSU).

This narrative overview and analysis of the financial activities of KAZU for the fiscal years ended June 30, 2024 and 2023 are presented by management. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the financial statements, which follow this narrative.

***Financial Highlights***

- At June 30, 2024, KAZU's net position decreased 13.3 percent from \$4.02 million to \$3.48 million for a \$533,000 decrease.
- Cash decreased to \$3.64 million from \$3.91 million for a 6.9 percent or \$268,000 decrease.
- Receivables: Other, net decreased 100.0 percent from \$177,000 to zero.
- Accounts payable increased to \$173,000 from \$56,000 for a 210.9 percent or \$117,000 increase.
- Operating income decreased by 235.8 percent or \$955,000 from \$405,000 to an Operating loss of \$550,000.
- Underwriting, net decreased to \$599,000 from \$699,000 for a 14.3 percent or \$100,000 decline.
- Salaries and benefits increased \$266,000 or 21.3 percent from \$1.24 million to \$1.51 million.
- Contract services increased to \$491,000 from \$249,000 for a 97.1 percent or \$242,000 increase.
- Repairs and maintenance increased 100.0 percent to \$118,000 from zero.
- Gifts and donations, noncapital decreased \$379,000 or 96.2 percent to \$15,000 from \$394,000.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**Overview of the Financial Statements**

This annual report consists of a series of financial statements, prepared in accordance with principles issued by the Governmental Accounting Standards Board ("GASB"). The financial statements include the Statements of Net Position, Statements of Changes in Net Position, and the Statements of Cash Flow (on pages 14 through 18). All provide information about KAZU's activities and present a long-term view of KAZU's finances.

These statements are prepared using the accrual basis of accounting, which recognizes expenses when incurred and revenue when earned rather than when payment is made or received and is widely used by most private sector companies. In addition, they report KAZU's net position and changes in it resulting from the current year's activity. You can think of KAZU's net position – the difference between assets and liabilities – as one way to measure KAZU's financial health, or financial position. Over time, increases or decreases in KAZU's net position are one indicator of whether its financial health is improving or deteriorating. Remember that KAZU is one fund within the Corporation and when considering the overall state of KAZU, you must also consider the overall state of the Corporation.



**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**Condensed Comparative Financial Information**

Table 1 below, Condensed Summary of Net Position, presents KAZU's assets, liabilities, and net position for the past three fiscal years. Net position has improved historically as the station has been committed to growing its membership base and online presence. However, in 2023/24, first-time expenditures such as campus cost recovery and a decrease in operating revenues resulted in an operating loss and decline in net position for the first time in many years.

**Table 1: Condensed Summary of Net Position as of June 30, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Current assets	\$ 3,808,890	\$ 4,304,649	\$ 3,722,651
Noncurrent assets:			
Capital assets, net	<u>562,776</u>	<u>584,246</u>	<u>639,162</u>
Total Assets	<u>4,371,666</u>	<u>4,888,895</u>	<u>4,361,813</u>
<b>Liabilities</b>			
Current liabilities	530,546	478,364	705,989
Noncurrent Liabilities:			
Lease liability, net of current portion	<u>356,654</u>	<u>392,944</u>	<u>428,518</u>
Total Liabilities	<u>887,200</u>	<u>871,308</u>	<u>1,134,507</u>
<b>Net Position</b>			
Net investment in capital assets	169,832	158,424	213,340
Unrestricted	<u>3,314,634</u>	<u>3,859,163</u>	<u>3,013,966</u>
Total Net Position	<u>\$ 3,484,466</u>	<u>\$ 4,017,587</u>	<u>\$ 3,227,306</u>

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

*Current assets*, or assets that can normally be converted to cash in less than one year, consist of Cash, Receivables, net and Prepaid expenses.

Cash decreased in 2023/24 by 6.9 percent or \$268,000 from \$3.91 million to \$3.64 million. First-time expenditures such as campus cost recovery and a decrease in operating revenues and gifts account for most of this decline. In 2022/23, Cash increased 10.2 percent or \$361,000 from \$3.54 million to \$3.91 million. The increase was attributed to conservative spending practices and growth in gifts and donations made to the station.

In 2023/24, Receivables, net decreased 54.2 percent or \$168,000 from \$311,000 to \$143,000 due to the receipt of a 2022/23 estate gift. Receivables, net in 2022/23 increased from \$97,000 to \$311,000 for a 221.4 percent or \$214,000 change mostly as a result of an estate gift in the amount of \$173,000 and increased underwriting receivables.

In 2023/24, Prepaid expenses decreased to \$29,000 from \$88,000 for a change of \$59,000 or 66.9 percent. Prepaid expenses increased slightly by 7.7 percent or \$6,000 from \$82,000 to \$88,000 in 2022/23. Programming fees were paid quarterly in 2023/24 versus annually in 2022/23 as a result of cost efficiencies related to station cash management.

*Current liabilities* or amounts owed or due within one year, consist of Accounts payable, Accrued salaries and benefits payable, Unearned revenue, and Lease liability, current portion.

Accounts payable in 2023/24 increased to \$173,000 from \$56,000 for a 210.9 percent or \$117,000 change. This increase is due mostly to cost recovery and programming invoices received before year end. In 2022/23, Accounts payable increased minimally by 1.2 percent or \$600 from \$55,000 to \$55,600.

Unearned revenue decreased in 2023/24 by \$61,000 or 21.0 percent from \$290,000 to \$229,000. In 2022/23, Unearned revenue decreased by \$228,000 or 43.9 percent from \$518,000 to \$290,000. For both years, the decrease is due to the expensing of prior advanced payments from the Corporation of Public Broadcasting (CPB), also recognized as earned grant revenue.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**Table 2: Condensed Summary of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30, 2024, 2023 and 2022**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues</b>			
Operating revenues	\$ 2,170,055	\$ 2,343,921	\$ 2,451,096
Community service grants	212,147	305,782	62,807
ARPA Stabilization grants	67,622	103,239	
Indirect administrative support	452,237	513,881	435,795
Total Operating Revenues	<u>2,902,061</u>	<u>3,266,823</u>	<u>2,949,698</u>
<b>Operating Expenses</b>			
Salaries and benefits	1,509,914	1,244,316	1,024,945
Indirect administrative support	499,322	590,411	440,415
Contract services	491,018	249,139	87,646
Information technology	64,259	69,039	65,978
Depreciation and amortization	50,362	54,916	54,894
Memberships and subscriptions	459,998	430,263	407,778
Other operating expenses	377,455	223,521	181,485
Total Operating Expenses	<u>3,452,328</u>	<u>2,861,605</u>	<u>2,263,141</u>
Operating Income (Loss)	<u>(550,267)</u>	<u>405,218</u>	<u>686,557</u>
<b>Nonoperating Revenues (Expenses)</b>			
Other nonoperating revenues (Expenses)	<u>17,146</u>	<u>385,063</u>	<u>(9,783)</u>
Total Nonoperating Revenues (Expenses)	<u>17,146</u>	<u>385,063</u>	<u>(9,783)</u>
<b>Increase/(Decrease) in Net Position</b>	<b>(533,121)</b>	<b>790,281</b>	<b>676,774</b>
<b>Net Position</b>			
Net Position - Beginning of Year	4,017,587	3,227,306	2,550,532
Net Position - End of Year	<u><u>\$ 3,484,466</u></u>	<u><u>\$ 4,017,587</u></u>	<u><u>\$ 3,227,306</u></u>

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

In 2023/24, Total operating revenues decreased by 11.2 percent or \$365,000 from \$3.27 million to \$2.90 million as a result of a decline in all operating revenues, to include Indirect administrative support. Total operating revenues in 2022/23 increased to \$3.27 million from \$2.95 million for a 10.8 percent or \$317,000 increase. The increase in 2022/23 was a result of revenue recognition of CPB advanced payments.

In 2023/24, Community service grants (CSGs) revenue decreased to \$212,000 from \$306,000 for a 30.7 percent or \$94,000 change. CSGs are awarded by the CPB annually and for two years, resulting in overlap or running concurrently with the previous year award. However, in 2023/24 only one was active versus two in the prior year. Community services grants revenue increased in 2022/23 to \$306,000 from \$63,000 for a 386.9 percent or \$243,000 change. The increase in 2022/23 was a result of expending portions of Community Service Grants that were previously reported as unearned revenue.

In 2023/24, American Rescue Plan Act (ARPA) stabilization grant revenue decreased to \$68,000 from \$103,000 for a 34.5 percent or \$35,000 decline due to the station recognizing the remaining unearned revenue balance in the grant. ARPA stabilization grant revenue increased in 2022/23 by 100.0 percent or \$103,000, as a result of incurred expenses that were previously reported as unearned revenue.

Total operating expenses in 2023/24 increased by \$591,000 or 20.6 percent from \$2.86 million to \$3.45 million mostly due to Salaries and benefits, Contract services, Repairs and maintenance, and Other operating expenses offset by a decline in Indirect administrative support. In 2022/23, total operating expenses increased to \$2.86 million from \$2.26 million for a 26.4 percent or \$598,000 change. The increase was primarily due to Salaries and benefits, Indirect administrative support and Contract services.

In 2023/24, Salaries and benefits increased to \$1.51 million from \$1.24 million for a 21.3 percent or \$266,000 change. This increase is mostly due to the expansion of the KAZU internship program and the hiring of staff to administer it. Salaries and benefits increased in 2022/23 to \$1.24 million from \$1.02 million for a 21.4 percent or \$219,000 change. The increase in 2022/23 was a result of cost of living increases, salary adjustments and filling of vacant positions.

Indirect administrative support (IAS), the portion of a licensee's general and administrative costs and facilities costs attributable to station operations decreased by 12.0 percent or \$62,000 from \$514,000 to \$452,000 in 2023/24 mostly as a result of first-time cost recovery paid to the licensee. IAS increased in 2022/23 to \$514,000 from \$436,000 for a 17.9 percent or \$78,000 change. Increases to direct operating expenses, mostly Salaries and benefits, were responsible for the change. This calculation has historically been identical for revenue and expense, however, in recent years, the CPB grants have allowed for facilities and administrative costs to be charged directly to the awards.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

As a result, the IAS in the expense section of the financial statement differs from the revenue calculation. The CPB adopted a standardized method to determine IAS for recipients of Community Service Grants who also submit an Annual Financial Report. More detailed information of Indirect administrative support can be found in Note 1 to the financial statements.

In 2023/24, Contractual services increased to \$491,000 from \$249,000 for a 97.1 percent or \$242,000 increase. First-time cost recovery from the University for services and the assignment of a dedicated Corporation accountant to provide services to the station are responsible for this change. Contractual services increased in 2022/23 to \$249,000 from \$88,000 for a 184.3 percent or \$161,000 change. This change was attributed to the contracted services provided to KAZU by Corporation employees in various administrative areas. Previous to 2022/23, these services were in-kind contributions to the station.

Repairs and maintenance increased 100.0 percent or \$118,000 from zero in 2023/24 due to much needed upgrades for the station offices and studio. In 2022/23, there were no Repairs and maintenance expenses.

Other operating expenses in 2023/24 increased to \$259,000 from \$224,000 for a \$35,000 or 16.0 percent increase. A rise in out of state travel for professional development, increases in property insurance, legal fees, and community outreach are the reasons for the increase. In 2022/23, Other operating expenses increased from \$181,000 to \$224,000 for a 23.2 percent or \$42,000 change. The purchase of office furnishings and an increase in postage and printing costs for mailings were the reasons for this change.

***Significant Capital Asset Activity***

**Capital Assets**

In 2023/24, KAZU purchased assets to support its broadcasting function in case of power failures and to ensure its on-air signal was consistent. However, with changes in management, the station once again postponed the purchase of any major studio equipment to fiscal year 2024/25.

***Currently Known Facts, Decisions and Conditions***

**Programming Costs**

Management expects that National Public Radio (NPR) fees will increase in 2024/25. As KAZU's total station revenue increases, so do the programming, interconnection and satellite fees which are based on a progressive fee schedule. Efforts will remain focused on expanding the membership base, developing the underwriting area, and adding programs to maintain local audience interest.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

***Requests for Information***

This report is designed to provide an overview of KAZU's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Controller  
University Corporation at Monterey Bay  
8 Upper Ragsdale Drive  
Monterey, CA 93940

**KAZU 90.3 FM**  
**Financial Statements**  
**Years Ended June 30, 2024 and 2023**

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b><u>Current Assets:</u></b>		
Cash	\$ 3,637,158	\$ 3,905,331
Receivables:		
Underwriting, net	142,569	134,059
Foundation		400
Other, net		176,620
Prepaid expenses	29,163	88,239
Total Current Assets	<u>3,808,890</u>	<u>4,304,649</u>
<b><u>Noncurrent Assets:</u></b>		
Capital assets, net	<u>562,776</u>	<u>584,246</u>
Total Noncurrent Assets	<u>562,776</u>	<u>584,246</u>
Total Assets	<u>4,371,666</u>	<u>4,888,895</u>
<b>Liabilities</b>		
<b><u>Current Liabilities:</u></b>		
Accounts payable	173,090	55,666
Accrued salaries and benefits payable	91,683	99,402
Unearned revenue	229,483	290,418
Lease liability, current portion	36,290	32,878
Total Current Liabilities	<u>530,546</u>	<u>478,364</u>
<b><u>Noncurrent Liabilities:</u></b>		
Lease liability, net of current portion	<u>356,654</u>	<u>392,944</u>
Total Noncurrent Liabilities	<u>356,654</u>	<u>392,944</u>
Total Liabilities	<u>887,200</u>	<u>871,308</u>
<b>Net Position</b>		
Net investment in capital assets	169,832	158,424
Unrestricted	<u>3,314,634</u>	<u>3,859,163</u>
Total Net Position	<u>\$ 3,484,466</u>	<u>\$ 4,017,587</u>

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



**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues:</b>		
Underwriting, net	\$ 599,181	\$ 699,120
Membership dues, net	1,567,935	1,640,774
Community service grants	212,147	305,782
ARPA Stabilization grant	67,622	103,239
Indirect administrative support	452,237	513,881
Other operating revenues	2,939	4,027
Total Operating Revenues	<u>2,902,061</u>	<u>3,266,823</u>
<b>Operating Expenses:</b>		
Salaries and benefits	1,509,914	1,244,316
Indirect administrative support	499,322	590,411
Contract services	491,018	249,139
Utilities	11,556	12,125
Services and supplies	18,852	15,228
Promotion and advertising	66,204	59,112
Postage and delivery	21,272	21,507
Professional services	26,838	18,933
Conferences and meetings	13,713	5,633
Insurance	21,484	15,031
Repairs and maintenance	118,082	
Equipment	7,657	9,793
Information technology	64,259	69,039
Depreciation and amortization	50,362	54,916
Memberships and subscriptions	459,998	430,263
Other operating expenses	71,797	66,159
Total Operating Expenses	<u>3,452,328</u>	<u>2,861,605</u>
<b>Operating Income/(Loss)</b>	<u>(550,267)</u>	<u>405,218</u>

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

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Statements of Revenues, Expenses and Changes in Net Position, Continued**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Nonoperating Revenues (Expenses):</b>		
Gifts and donations, noncapital	15,120	394,115
Endowment distribution from Foundation	10,423	
Realized gain/(loss) on sale of securities	46	(6)
Interest on lease liabilities	(8,443)	(9,046)
Total Nonoperating Revenues (Expenses)	<u>17,146</u>	<u>385,063</u>
 <b>Increase/(Decrease) in Net Position</b>	 (533,121)	 790,281
 <b>Net Position:</b>		
Net position - beginning of year	<u>4,017,587</u>	<u>3,227,306</u>
 Net Position - end of year	 <u><u>\$ 3,484,466</u></u>	 <u><u>\$ 4,017,587</u></u>

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

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from underwriting, net	\$ 588,371	\$ 630,987
Receipts from membership dues, net	1,567,935	1,640,774
Receipts from grants	174,449	135,618
Payments to vendors	(1,216,230)	(977,637)
Payments to employees	(1,517,633)	(1,243,253)
Other receipts	179,559	(172,593)
Net Cash Provided/(Used) by Operating Activities	<u>(223,549)</u>	<u>13,896</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Gifts and donations	15,120	394,115
Endowment distribution from Foundation	10,423	
Net Cash Provided by Noncapital Financing Activities	<u>25,543</u>	<u>394,115</u>
<b>Cash Flows from Capital Related Financing Activities:</b>		
Acquisition of capital assets	(28,892)	
Principal payments on lease liabilities	(32,878)	(37,570)
Interest paid on lease liabilities	(8,443)	(9,046)
Net Cash Used by Capital Related Financing Activities	<u>(70,213)</u>	<u>(46,616)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds/(loss) from sale of investments	46	(6)
Net Cash Provided/(Used) by Investing Activities	<u>46</u>	<u>(6)</u>
Net Change in Cash	<u>(268,173)</u>	<u>361,389</u>
<b>Cash - Beginning of Year</b>	<u>3,905,331</u>	<u>3,543,942</u>
<b>Cash - End of Year</b>	<u><u>\$ 3,637,158</u></u>	<u><u>\$ 3,905,331</u></u>

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

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Statements of Cash Flows, Continued**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating</b>		
<b>Activities:</b>		
Operating income	\$ (550,267)	\$ 405,218
Adjustments to reconcile operating income to		
net cash provided by operating activities:		
Depreciation and amortization	50,362	54,916
Changes in assets and liabilities:		
Receivables, net	168,510	(214,297)
Prepaid expenses	59,076	(6,312)
Accounts payable	117,424	637
Accrued salaries and benefits payable	(7,719)	1,063
Unearned revenue	(60,935)	(227,329)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<u><u>\$ (223,549)</u></u>	<u><u>\$ 13,896</u></u>

The accompanying notes are an integral part of these financial statements

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Reporting Entity*** – KAZU 90.3 FM (KAZU) is a business-type activity of the University Corporation at Monterey Bay (Corporation), however, it must issue separate financial statements as required by the Corporation for Public Broadcasting (CPB). The Corporation is a nonprofit 501(c)(3) public benefit corporation organized in July 1994 to support the academic mission of the California State University, Monterey Bay (CSUMB or University). The Corporation is an auxiliary organization of the University and is presented in the University's financial statements as a component unit. The financial statements of KAZU are not intended to present fairly the financial position of the Corporation and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America.

***Basis of Presentation*** – The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, gifts, and similar items are recognized as soon as all eligibility requirements have been met.

***Other Accounting Policies***

***Cash and Cash Equivalents*** – Cash and cash equivalents include all highly liquid investments purchased with original maturities of three months or less.

***Receivables*** – Receivables include, underwriting fees due from customers, receipts due from other auxiliaries and proceeds from trusts not received as of year end. The underwriting is shown net of the allowance for doubtful accounts. The Corporation uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on prior experience and management's analysis of possible bad debts.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets*** – Capital assets, consisting of leasehold improvements, intangible assets including leased assets (or Right of Use assets) and equipment, are recorded at cost (or estimated historical cost) at the date of acquisition, or fair value at the date of donation in the case of gifts. Capital assets with a value of less than \$5,000 are expensed to operations. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend its useful life, are expensed to operations. Related depreciation expense is shown in the Statements of Revenues, Expenses and Changes in Net Position.

Depreciation is calculated using the straight-line method using the half-year convention over the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method over the shorter life of the applicable lease or the economic life of the asset. Right of use assets are depreciated using the straight-line method over the term of the lease payment stream.

Estimated useful lives are generally as follows:

Leasehold improvements	10 – 30 years
Equipment	3 – 10 years
Computer software	5 years

Nondepreciable intangible assets are comprised of the Federal Communications Commission (FCC) license held by the radio station KAZU 90.3 FM. The FCC license is inexhaustible and is therefore not amortized.

***Compensated Absences*** – Compensated absences accrued are included in accrued salaries and benefits. The Corporation accrues annual leave for employees at rates based upon length of service and job classification.

***Unearned Revenue*** – Unearned revenue includes revenue collected in advance of when it is earned on the CPB grants and underwriting. The CPB awards two installments during the grant cycle and any unearned balance is classified as unearned revenue.

***Lease liability*** – These include lease agreements where KAZU is acting as a lessee. In accordance with GASB Statement 87, leases previously classified as operating leases are now included in the Statements of Net Position.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Net Position* – The Corporation’s net position is required to be classified for accounting and reporting purposes into the following net position categories:

*Net investment in capital assets* includes capital assets, net of accumulated depreciation, less the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets (if any). Right of use assets and their associated lease liability are included in this category.

*Restricted, nonexpendable* consists of net position subject to externally imposed restrictions that they must be retained in perpetuity. KAZU does not have any assets in this category.

*Restricted, expendable* consists of net position subject to externally imposed restrictions that can be fulfilled by the actions of KAZU pursuant to those restrictions or that expire by the passage of time. KAZU does not have any assets in this category.

*Unrestricted* consists of all other categories of KAZU’s net position. Unrestricted net position may be designated for use by management of the Corporation. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas.

The Corporation has adopted a policy of utilizing restricted-expendable funds, when available, prior to unrestricted funds.

*Classification of Current and Noncurrent Assets and Liabilities* – The Corporation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the Statements of Net Position date. Liabilities that can reasonably be expected, as part of normal business operations, to be liquidated within twelve months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Classification of Revenues and Expenses* – The Corporation considers operating revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to KAZU’s primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. The Corporation also considers non-exchange transactions from membership dues and community service grants to constitute part of KAZU’s principal ongoing operations, and has accordingly classified them as operating revenues.

*Grant and Contract Revenue* – Grant and contract revenue is received by the Corporation from governmental and private sources.

*Community Service Grants* – The CPB is a private, nonprofit grant-making organization responsible for supporting more than 1,000 television and radio stations. The CPB distributes annual Community Service Grants to qualified public telecommunications entities. Community Service Grants are used to augment the financial resources of public broadcasting stations in order to enhance the quality of the programming of the station and expand the scope of public broadcasting services. Each Community Service Grant may be expended over one or two federal fiscal years as described in the Communications Act, 47 USC, Section 396(k)(7), 1993 Supplement (Act). Each grant must be expended within two years of the initial grant authorization.

According to the Act, funds may be used at the discretion of the recipient. The grants may also be used to sustain activities begun with Community Service Grants awarded in prior years. KAZU uses these funds exclusively for broadcasting fees and the acquisition of programming.

Remaining unexpended portions of Community Service Grants are reported on the accompanying financial statements as unearned revenue. Certain guidelines must be satisfied to maintain grant eligibility and meet compliance requirements. These guidelines relate to the use of grant funds, record keeping, audits, financial reporting and licensee status with the FCC.



**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Indirect Administrative Support*** – Indirect administrative support consists of allocated institutional support incurred by the Corporation for which KAZU receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses, and Changes in Net Position as indirect administrative support revenue and also as an operating expense. For the years ended June 30, 2024 and 2023, indirect administrative support was calculated using the new Standard Method adopted by the CPB in fiscal year 2020/21. It is required of all Community Service Grant recipients who file an Annual Financial Report versus a Financial Summary Report.

***Contributions*** – KAZU engages in special fundraising events where part of the price of the ticket is a donation and part is for direct benefits received. KAZU also holds on-air and mail membership drives, where, as an incentive to donate, premiums (such as mugs, t-shirts, etc.) are given away. The costs of these premiums or direct benefits are not considered fundraising costs that should be applied against gross proceeds received from the person receiving such direct benefits or premiums. Because the amounts involved are not considered material, management has recorded the cost of premiums and direct benefits as fundraising costs and the proceeds at their gross amounts.

Contributions and membership receipts are recognized as revenue in the period received or given. Contributions and collected membership receipts are unrestricted, as their usage is not limited to specific activities of the radio station.

***Use of Estimates*** – The preparation of 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 and disclosure of contingent liabilities as of 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.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes*** – The Corporation is qualified as a tax-exempt organization under the provision of Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income.

***Subsequent Events*** – Events subsequent to June 30, 2024 have been evaluated through November 25, 2024, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

**NOTE 2. DEPOSITS AND INVESTMENTS**

The activities of KAZU are conducted through the checking account of the Corporation. The Corporation's audit report contains the required GASB disclosures for deposits and investments.

**NOTE 3. RECEIVABLES**

Receivables and allowance for doubtful accounts at June 30, were as follows:

	<u>2024</u>	<u>2023</u>
Underwriting	\$ 146,978	\$ 143,667
Foundation		400
Other		176,620
Allowance for doubtful accounts	<u>(4,409)</u>	<u>(9,608)</u>
Receivables, net	<u>\$ 142,569</u>	<u>\$ 311,079</u>

**NOTE 4. PREPAID EXPENSES**

Prepaid expenses at June 30, were as follows:

	<u>2024</u>	<u>2023</u>
Programming and broadcasting	\$ 18,333	\$ 75,700
Fundraising and underwriting	<u>10,830</u>	<u>12,539</u>
Total prepaid expenses	<u>\$ 29,163</u>	<u>\$ 88,239</u>

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 5.     CAPITAL ASSETS**

Capital asset activity was as follows for the year ended June 30:

	<b>2024</b>			
	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions/ Transfers</u></b>	<b><u>Ending Balance</u></b>
<b>Nondepreciable Capital Assets:</b>				
Intangible assets	\$ 148,349	\$ -	\$ -	\$ 148,349
Total Nondepreciable Capital Assets	<u>148,349</u>			<u>148,349</u>
<b>Depreciable Capital Assets:</b>				
Equipment	198,131	28,892		227,023
Leasehold improvements	18,696			18,696
Leased land and land improvements	14,629			14,629
Leased infrastructure	<u>483,864</u>			<u>483,864</u>
Total Depreciable Capital Assets	<u>715,320</u>	<u>28,892</u>		<u>744,212</u>
<b>Less Accumulated Depreciation and Amortization:</b>				
Equipment	(183,192)	(11,597)		(194,789)
Leasehold improvements	(18,696)			(18,696)
Leased assets	<u>(77,535)</u>	<u>(38,765)</u>		<u>(116,300)</u>
Total Accumulated Depreciation and Amortization	<u>(279,423)</u>	<u>(50,362)</u>		<u>(329,785)</u>
Capital assets, net	<u>\$ 584,246</u>	<u>\$ (21,470)</u>	<u>\$ -</u>	<u>\$ 562,776</u>

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 5.     CAPITAL ASSETS (Continued)**

	<b>2023</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions/ Transfers</b>	<b>Ending Balance</b>
<b>Nondepreciable Capital Assets:</b>				
Intangible assets	\$ 148,349	\$ -	\$ -	\$ 148,349
Total Nondepreciable Capital Assets	<u>148,349</u>			<u>148,349</u>
<b>Depreciable Capital Assets:</b>				
Equipment	198,131			198,131
Leasehold improvements	18,696			18,696
Leased land and land improvements	14,629			14,629
Leased infrastructure	<u>483,864</u>			<u>483,864</u>
Total Depreciable Capital Assets	<u>715,320</u>			<u>715,320</u>
<b>Less Accumulated Depreciation and Amortization:</b>				
Equipment	(167,044)	(16,148)		(183,192)
Leasehold improvements	(18,696)			(18,696)
Leased assets	<u>(38,767)</u>	<u>(38,768)</u>		<u>(77,535)</u>
Total Accumulated Depreciation and Amortization	<u>(224,507)</u>	<u>(54,916)</u>		<u>(279,423)</u>
Capital assets, net	<u><u>\$ 639,162</u></u>	<u><u>\$ (54,916)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 584,246</u></u>

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 6.     PENSION PLAN**

KAZU, through the Corporation, participates in a defined contribution multi-employer pension plan for employees. The Corporation contributed 10% of an eligible employee's salary to the plan in 2023/24. Eligible employees are defined as all regular full-time and regular part-time employees who have reached 21 years of age and completed six months of service. There is immediate vesting upon eligibility. Contributions are invested in the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), at the option of the covered employee. Contributions to the plan directly attributable to KAZU personnel for the year ended June 30, 2024 and 2023 amounted to \$97,314 and \$76,391, respectively. Employee contributions for the year ended June 30, 2024 and 2023 were \$68,189 and \$72,679, respectively.

In 2014/15, KAZU, through the Corporation, added a 457 Vacation Conversion Plan. The Plan is administered by Public Agency Retirement Services (PARS). Eligible employees can defer a portion of their unused vacation into the Plan and contributions are then invested in investment options through John Hancock Retirement Services. Eligible employees are defined as all regular full-time and regular part-time employees having completed four years of service who have in excess of 160 vacation hours and have taken 40 vacation hours over the previous twelve months. Employee contributions for the years ended June 30, 2024 and 2023 were \$263 and \$2,796, respectively.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 7.     LEASES**

**KAZU Tower Facilities**

In December 2019, KAZU entered into a new tower facilities lease with HH Tower. The initial term of the lease covers the period from January 1, 2020 to December 31, 2024 and can be extended twice through December 31, 2034. Lease payments are subject to annual consumer price index adjustments not to exceed 4.0 percent from the previous minimum monthly rent. For the year ended June 30, 2024, payments for tower rent and utilities remitted to HH Tower were \$45,027 and \$11,556, respectively. For the year ended June 30, 2023, payments for tower rent and utilities remitted to HH Tower were \$52,818 and \$11,905, respectively.

At June 30, 2024, future maturities of the tower facility lease liability balance were as follows:

	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
<b>Year ending June 30:</b>			
2025	\$ 33,348	\$ 7,693	\$ 41,041
2026	34,044	6,996	41,040
2027	34,755	6,285	41,040
2028	35,481	5,559	41,040
2029	36,222	4,818	41,040
2030- 2035	213,177	12,543	225,720
<b>Total minimum lease payments</b>	<b><u>\$ 387,027</u></b>	<b><u>\$ 43,894</u></b>	<b><u>\$ 430,921</u></b>

**KAZU Radio Transmitter**

In June 2017, KAZU entered into an agreement with Lloyd Jones with the intent to lease antenna space for a radio transmitter. The initial term of the lease covered the period from July 1, 2017 to July 1, 2020, with the option to renew for two additional three-year terms. The final three-year term of the lease, which began in July 1, 2023 to end on July 1, 2026 was verbally approved by both parties in early 2023/24. Payments of \$1,500 were paid semi-annually for a total of \$3,000 and included the cost of electricity to operate the equipment.

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 7.     LEASES (Continued)**

At June 30, 2024, future maturities of the radio transmitter lease liability balance were as follows:

	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
<b>Year ending June 30:</b>			
2025	2,942	58	3,000
2026	2,975	25	3,000
<b>Future minimum lease payments</b>	<b><u>\$ 5,917</u></b>	<b><u>\$ 83</u></b>	<b><u>\$ 6,000</u></b>

## **Supplemental Information**



**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Supplemental Information**  
**Years Ended June 30, 2024 and 2023**

**Schedule of Functional Expenses for the Year Ended June 30, 2024**

	<b>Program Services</b>	<b>Support Services</b>		
	<b>Production &amp; Broadcasting</b>	<b>General &amp; Administrative</b>	<b>&amp; Underwriting</b>	<b>Total</b>
<b>Operating Expenses:</b>				
Salaries and benefits	\$ 631,189	\$ 282,968	\$ 595,757	\$ 1,509,914
Indirect administrative support	47,085	452,237		499,322
Contractual services	83,005	400,743	7,270	491,018
Utilities	11,556			11,556
Services and supplies	4,615	13,850	387	18,852
Promotion and advertising		359	65,845	66,204
Postage and delivery		2,810	18,462	21,272
Professional services	8,283	18,555		26,838
Conferences and meetings	12,228	449	1,036	13,713
Insurance		21,484		21,484
Repairs and maintenance		118,082		118,082
Equipment	7,657			7,657
Information technology	16,504	3,131	44,624	64,259
Depreciation and amortization	50,362			50,362
Memberships and subscriptions	447,490	798	11,710	459,998
Other operating expenses	7,164	1,698	62,935	71,797
<b>Total Operating Expenses</b>	<b>\$ 1,327,138</b>	<b>\$ 1,317,164</b>	<b>\$ 808,026</b>	<b>\$ 3,452,328</b>

**KAZU 90.3 FM**  
**A Business-Type Activity of the**  
**University Corporation at Monterey Bay**  
**Supplemental Information, Continued**  
**Years Ended June 30, 2024 and 2023**

**Schedule of Functional Expenses for the Year Ended June 30, 2023**

	<b>Program Services</b>	<b>Support Services</b>		
	<b>Production &amp; Broadcasting</b>	<b>General &amp; Administrative</b>	<b>&amp; Underwriting</b>	<b>Total</b>
<b>Operating Expenses:</b>				
Salaries and benefits	\$ 491,660	\$ 181,929	\$ 570,727	\$ 1,244,316
Indirect administrative support	76,530	513,881	-	590,411
Contractual services	77,904	161,953	9,282	249,139
Utilities	12,065	60	-	12,125
Services and supplies	8,837	6,391	-	15,228
Promotion and advertising	874	1,322	56,916	59,112
Postage and delivery	251	21,256	-	21,507
Professional services	5,933	13,000	-	18,933
Conferences and meetings	2,298	-	3,335	5,633
Insurance	-	15,031	-	15,031
Equipment	-	9,793	-	9,793
Information technology	11,133	-	57,906	69,039
Depreciation and amortization	54,916	-	-	54,916
Memberships and subscriptions	413,015	825	16,423	430,263
Other operating expenses	5,717	4,065	56,377	66,159
<b>Total Operating Expenses</b>	<b>\$ 1,161,133</b>	<b>\$ 929,506</b>	<b>\$ 770,966</b>	<b>\$ 2,861,605</b>

Note to Supplemental Information:

The Schedules of Functional Expenses for the years ended June 30, 2024 and 2023 are presented in a format prescribed by the Corporation for Public Broadcasting.

See independent auditors' report.

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position and related statement of revenues, expenses and changes in net position and cash flows of KAZU 90.3 FM, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise KAZU's basic financial statements, and have issued our report thereon dated November 25, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the KAZU's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the KAZU's internal control. Accordingly, we do not express an opinion on the effectiveness of the KAZU's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the KAZU's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "GLENN BURDETTE ATTEST CORPORATION". The letters are in all caps and have a cursive, slightly stylized appearance.

Glenn Burdette Attest Corporation  
San Luis Obispo, California

November 25, 2024