

**KSJE Radio Station
A Department of San Juan College**

**Independent Auditors' Report
& Financial Statements
For Fiscal Year Ended June 30, 2020**



**San Juan College
Farmington, New Mexico**

KSJE Radio Station
A Department of San Juan College
June 30, 2020
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INDEPENDENT AUDITORS' REPORT

The Corporation for Public Broadcasting
Board of Trustees and Management
San Juan College
KSJE Radio Station
Farmington, New Mexico

Report on Financial Statements

We have audited the accompanying basic financial statements of the business-type activities of KSJE Radio Station (the "Radio Station"), a department of San Juan College, as of and for the year ended June 30, 2020 and the related notes to the financial statements which collectively comprise the Radio Station's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Radio Station's preparation and fair presentation of the 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 Radio Station'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Radio Station, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Radio Station are intended to present the financial position, and the changes in financial position of only that portion of the business-type activities that are attributable to the transactions of the Radio Station. They do not purport to and do not present fairly the financial position of San Juan College as of June 30, 2020, and the changes in its financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 7 be presented to supplement the basic financial statements. Such information, 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 inquires 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of the Radio Station'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 the 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 Radio Station's internal control over financial reporting and compliance.



Cordova CPAs LLC
Albuquerque, New Mexico
January 8, 2021

KSJE Radio Station
A Department of San Juan College
June 30, 2020
Management's Discussion and Analysis

Introduction

KSJE is a radio station at San Juan College (KSJE), is licensed to San Juan College in Farmington, New Mexico. KSJE public radio service, begun broadcasting November 1, 1990.

As a full service, public radio station licensed by the Federal Communications Commission (FCC), the primary mission of KSJE is to provide a radio programming service that encourages intellectual curiosity and critical analysis. It is the information and cultural beacon of the four corners, providing classical and jazz music, local news, community information and more. KSJE's mandate is to provide for the otherwise underserved tastes, needs and interests of the public and to present material that challenges, provokes, broadens and educates in both formal and informal situations.

KSJE is governed by the Board of Trustees of San Juan College consisting of seven members elected from single member districts within San Juan County. The Board's authority is established by state statute, specifically the 1985 Community College Act as amended.

Financial History

Historically, KSJE was fully funded by San Juan College. A small underwriting program was started in 2009 to allow for messages of underwriting support from local businesses. In response to budgetary constraints of the College, KSJE adopted its listener-supported business model in Fiscal Year 2017 (FY17), with the goal of having San Juan College pay one-third (or less) of KSJE's operating budget. In order to reach that goal, the KSJE underwriting program continues.

Additional revenue has come to KSJE through grants. Beginning FY17, KSJE was successfully awarded a Community Service grant through the Corporation of Public Broadcasting (CPB). Since that time, this ongoing grant has given KSJE the financial stability needed to identify other needs and projects for the future including audience expansion and revenue growth. KSJE has also been the recipient of an annual grant from New Mexico (NM) Arts. This money has helped support locally produced classical music and arts programs.

Overview of the Financial Statements

KSJE makes the annual Financial Statement and Annual Financial Reports submitted to the CPB available to the public both online at www.KSJE.com and in paper with KSJE's FCC Public File in the main studio location in the West Classroom Complex, Suite 1809, of San Juan College, 4601 College Blvd, Farmington, NM 87402. KSJE adheres to a discrete accounting system which allows the grantor and auditor to discretely track funds within the accounting system. The purpose of separate financial statements for KSJE is to comply with requirements set forth by the Corporation for Public Broadcasting, requiring annual financial statements based upon the fiscal year (July – June), detailing revenue and expenses specifically related to the station.

KSJE Radio Station
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June 30, 2020
Management's Discussion and Analysis

When revenue, per CPB criteria, exceeds \$300,000, these financial statements are required to be audited by an external firm. For this purpose, the KSJE Basic Financial Statements will include the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows. The primary focus of the basic financial statements is on the results and activities for FY20 which are locate in the Basic Financial Statements section of this report. Figures 1 and 2 present condensed comparative information for the fiscal years ending June 30, 2020 and June 30, 2019.

Figure 1

San Juan College - KSJE Radio Station		
Condensed Comparative Statement of Net Position		
June 30, 2020 and 2019		
	<u>FY20</u>	<u>FY19</u>
Assets		
Total Current Assets	\$323,694	\$189,265
Net Equipment and Software	36,041	6,318
Total Assets	<u>\$359,735</u>	<u>\$195,583</u>
Liabilities		
Current Liabilities	\$325,006	\$190,556
Noncurrent Liabilities	9,969	7,844
Total Liabilities	334,975	198,400
Total Net Position	<u>24,760</u>	<u>(2,817)</u>
Total Liabilities and Net Position	<u>\$359,735</u>	<u>\$195,583</u>

Figure 2

San Juan College - KSJE Radio Station		
Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position		
For Years Ending June 30, 2020 and 2019		
	<u>FY20</u>	<u>FY19</u>
Revenue		
College Support	\$163,974	\$187,864
Grants and Other Support	153,913	130,345
Total Operating Revenue	<u>317,887</u>	<u>318,209</u>
Total Operating Expenses	290,310	323,490
Total Operating Profit (Loss)	27,577	(5,281)
Net Position Beginning of Year	(2,817)	2,464
Net Position	<u>\$24,760</u>	<u>\$(2,817)</u>

KSJE Radio Station
A Department of San Juan College
June 30, 2020
Management’s Discussion and Analysis

Capital Assets Activity

San Juan College - KSJE Radio Station		
Condensed Capital Asset Activity		
	Balance 6/30/2020	Balance 6/30/2019
Equipment and Software	\$273,387	\$246,856
Accumulated Depreciation	(237,346)	(240,538)
Capital Assets, net	\$36,041	\$6,318

Future Operations and Outlook

KSJE was truly “The Information and Cultural Beacon of the Four Corners” with the onset of the pandemic in March 2020. The station reacted quickly by producing a special COVID-19 Community Information program four days a week. The program continues to share local information from community leaders, local doctors and state health officials. KSJE remains ready and responsive to the needs of the college and the community as this situation continues to unfold.



KSJE has strategically increased its audience in recent years with online promotion, community billboards and partnerships/sponsorships with other community organizations. In addition, KSJE has secured stable funding with the award (and annual renewal) of a Community Service Grant from the Corporation for

Public Broadcasting. The station anticipates greater membership and underwriting support from the southwestern Colorado region with the addition of KSJE’s translator in Durango, Colorado.

KSJE has been approved to hire a commission-based underwriting sales position. This is one step in reaching out to local businesses and helping them understand how they can support KSJE financially, and in return receive an underwriting announcement to promote their business. Having a dedicate employee assigned to this task will keep KSJE in the minds of business owners when they are creating their advertising budget.

Basic Financial Statements

San Juan College - KSJE Radio Station
Statement of Net Position
June 30, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 320,494
Accounts Receivable	3,200
Total Current Assets	323,694
Noncurrent Assets	
Equipment and Software	273,387
Accumulated Depreciation	(237,346)
Net Equipment and Software	36,041
Total Noncurrent Assets	36,041
Total Assets	\$ 359,735
Liabilities	
Current Liabilities	
Accounts Payable	\$ 8,216
Unearned Revenue	315,479
Compensated Absences	1,311
Total Current Liabilities	325,006
Noncurrent Liabilities	
Compensated Absences	9,969
Total Noncurrent Liabilities	9,969
Total Liabilities	334,975
Total Net Position	24,760
Total Liabilities and Net Position	\$ 359,735

San Juan College - KSJE Radio Station Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2020	
Revenue	
College Support	\$114,732
Grants	126,403
Sales-Underwriting-Membership	24,710
In-Kind Contribution	2,800
Indirect Administrative Support	49,242
Total Operating Revenue	\$317,887
Expenses	
Conference & Training Fees	65
Equipment	1,515
Professional Services	12,297
Programming and Supplies	47,135
Promotion	15,011
Salaries & Benefits	156,968
Depreciation Expense	5,277
Indirect Administrative Support	49,242
In-Kind Expenses	2,800
Total Operating Expenses	\$290,310
Total Operating Income (Loss)	27,577
Net Position Beginning of Year	(2,817)
Net Position	\$24,760

San Juan College - KSJE Radio Station
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities

Contributions from Institution	\$114,732
Memberships and Underwriting	21,509
Grants	260,388
Payments to Vendors	(75,578)
Payments for Salaries and Benefits	(154,822)
Net Cash Provided (used) by Operating Activities	166,229

Cash Flows from Investing Activities

Purchase of Capital Assets	(35,000)
Net Cash Provided (used) by Investing Activities	(35,000)

Net Increase (Decrease) in Cash	131,229
Cash - Beginning of Year	189,265
Cash - End of Year	\$320,494

Reconciliation of operating (loss) to net cash provided by operating activities

Operating income	27,577
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation Expense	5,277
Changes in assets and liabilities	
Accounts Receivable	(3,200)
Accounts Payable	444
Unearned Revenue	133,985
Compensated Absences	2,146
Net cash provided by operating activities	\$166,229

KSJE Radio Station
A Department of San Juan College
June 30, 2020
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Organization

KSJE Radio Station (the “Station”) is a department of San Juan College. The Station is a public radio station licensed to San Juan College by the Federal Communications Commission (FCC) governed by the San Juan College Board of Trustees.

The College presented its annual financial information in a Comprehensive Annual Financial Report (CAFR) in accordance with Governmental Accounting Standards Board GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1*. For financial reporting purposes under GASB, the College is considered a public institution engaged only in business-type activities. Accordingly, the College’s financial statements are presented under the economic resources measurement focus and the accrual basis of accounting.

Most departments in the College roll into the CAFR, including KSJE. To comply with reporting requirements set forth by the Corporation for Public Broadcasting when revenue exceeds \$300,000 separate audited financial statements are required. The accompanying financial statements of KSJE include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. The statement of net position provides information about the assets, liabilities, and net position of KSJE at the end of the fiscal year. The statement of revenues, expenses, and changes in net position provides information about KSJE’s financial activities during the fiscal year. The statement of cash flows provides information about the sources and uses of cash during the year which included both operating and investing activities. The investing activity related to the capital asset purchase of a translator in Durango, Colorado.

Budgetary Process

The Colleges operating budgets are submitted for approval to the San Juan College Board of Trustees (Board), the New Mexico Higher Education Department, and the State of New Mexico Department of Finance and Administration. Separate legislative budget requests may be submitted to the New Mexico Higher Education Department or other state offices upon approval by the Board. The College maintains budgetary controls and budget transfer restrictions by program (function) and major account category. The object of these budgetary controls is to ensure compliance with the annual budget adopted by the Board. Actual expenditures may not exceed the budget on a functional level (i.e., expenditures must be within budgeted amounts by exhibit). The College maintains an encumbrance system to set aside funds for established commitments. Open encumbrances are eliminated for fiscal year-end reporting. KSJE is subject to the same budgetary constraints.

Cash

The only cash that can be segregated specifically as a portion of the radio station is the unearned revenue funds which are held in a restricted fund. When qualifying expenses are incurred against these grant funds, the corresponding revenue is recognized.

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Notes to Financial Statements

Use of Estimates

Management has made estimates and assumptions relating to the reporting of assets to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

Capital Assets

Capital assets are recorded at acquisition cost and are capitalized based upon the capitalization threshold set by the State at the time of acquisition. The current capitalization threshold is \$5,000 per Section 12-6-10 New Mexico Statutes Annotated (NMSA) 1978. Capitalization policy includes all equipment with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Routine repairs are charged to operating expense in the year in which they happen. Depreciation is calculated using the straight-line method over the estimated useful lives of the asset, 5-15 years for equipment, furnishings, and software.

Unearned Revenue

Unearned revenue consists of grant funds received from the Corporation for Public Broadcasting (CPB) that have yet to be spent.

Compensated Absences

Full-time employees, both exempt and non-exempt, accumulate vacation time not to exceed 240 hours at fiscal year-end. Unused compensated absences at year-end are accrued as a liability on the statement of net position and reported as an expense in the statement of revenues, expenses, and changes in net position. Accumulated sick leave lapses when employees leave the employ of the College, and upon separation from service no monetary obligation exists.

Net Position

San Juan College provides the necessary supplementary support to ensure all operating costs of the station are met. Therefore, the only changes to net position are due to the annual depreciation expense of the station's equipment.

Principal Revenue Sources

KSJE continues to improve current operations while seeking future opportunities to grow audience and increase revenue generation from a variety of sources. KSJE revenue comes from three areas: San Juan College, grants, and community support.

College Support

While KSJE is moving towards self-sufficiency, San Juan College has committed to support the station with a goal of one third of its operational costs. In addition providing support for direct costs, indirect administrative support is provided to the station, as part of the overall operations of San Juan College (see below).

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Notes to Financial Statements

Grants

KSJE was the recipient of a grant from NM Arts, which is a division of the NM Department of Cultural Affairs. This grant was in the amount of \$4,753 designated specifically for two programs, "Roving with the Arts" and "Write on Four Corners". The CPB has granted KSJE Community Service grants for \$143,499 in FY20 and \$143,933 in FY19 (awards overlap). A portion of this funding is restricted for programming expenses only, with the majority available for general station operations.

Underwriting and Memberships

Underwriting sponsors complete a written agreement and are invoiced for their support. At the end of FY20, two invoices, totaling \$3,200 were outstanding. Support through individual membership is recorded as received.

Indirect Administrative Support from San Juan College

Indirect administrative support from San Juan College is calculated following the new Standard Method provided by Corporation for Public Broadcasting. This rates is Institutional Indirect Costs (institutional support plus physical plant support) divided by Institutional Direct Costs (total operating expenses minus both institutional and physical plant support).

In-Kind contributions

Management records in-kind donations at fair market value on the statement of revenues, expenses, and changes in net position. This valuation is specified in the terms financial reporting guidelines from CPB.

Note 2 – Cash

Cash is held in San Juan College's general fund and not segregated into a separate bank account. At fiscal year-end, KSJE's portion of San Juan College's general fund had restricted cash held in deposits in the amount of \$315,479 which corresponds to the funding received from CPB, but not yet recognized (see Note 4 – Unearned Revenue) and corresponds to the unearned revenue liability. Additionally, cash is held in the institutional account to cover payables of \$8,216. Cash has yet to be received for the receivable amount of \$3,200, thus reducing balance. The total ending cash balance of KSJE as of June 30, 2020 is \$320,494.

As part of San Juan College's deposits in the financial institution, KSJE's deposits are FDIC insured up to \$250,000 and are also collateralized by the financial institution required by 6-10-17, New Mexico Statutes Annotated, 1978.

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Notes to Financial Statements

Note 3 – Capital Assets

The Capital Assets of KSJE consist of Equipment and Software:

San Juan College - KSJE Radio Station Capital Asset Activity For The Year Ended June 30, 2020				
	Balance 6/30/2019	Additions	Transfers/ Retirements	Balance 6/30/2020
Depreciable Assets				
Equipment and Software	\$246,856	35,000	8,469	\$273,387
Total Depreciable Capital Assets	246,856	35,000	8,469	273,387
Less: Accumulated Depreciation				
Equipment and Software	240,538	5,277	8,469	237,346
Total Accumulated Depreciation	240,538	5,277	8,469	237,346
Depreciable Capital Assets, net	6,318	29,723	-	36,041
Capital Assets, net	\$6,318	\$29,723	\$-	\$36,041

Note 4 – Unearned Revenue

KSJE unearned revenue consisted of amount received from the advance award from CPB that is held in a restricted account until it is earned. The revenue is recognized as earned based when grant-approved expenses are incurred by the station.

Unearned Revenue	
Unearned Grant Revenues	315,479
Total	<u>\$ 315,479</u>

Note 5 – Postemployment Benefits – Educational Retirement Board

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, as amended, San Juan College has complied with this standard for the fiscal year ended June 30, 2020.

KSJE, as part of the primary government of San Juan College of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits for persons who have retired from certain public service positions at educational institutions in New Mexico. The pension plan is administered by the Educational Retirement Board of the State of New Mexico. Overall, total pension liability exceeds pension plan net position resulting in a net pension liability.

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The College has determined the College's share of the net pension liability to be a liability of the College as a whole, rather than any department of the College and the liability will not be reported in the department level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of San Juan College.

Information concerning the net pension liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the San Juan College Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020 and is available, when issued, from San Juan College at 4601 College Blvd. Farmington, NM 87402 or on the college website at <https://www.sanjuancollege.edu/media/sanjuancollegeedu/documents/about-sjc/annual-reports/San-Juan-College-FYE-2020-CAFR-Final.pdf>

Note 6 – Postemployment Benefits – San Juan College Retiree Healthcare Trust

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, San Juan College has complied with this standard for the fiscal year ended June 30, 2020.

KSJE, as part of the primary government of San Juan College, has employees who contribute to the single-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from the College. The other postemployment benefits (OPEB) Plan is administered by the San Juan College Retiree Healthcare Trust. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The College has determined the College net OPEB liability to be a liability of the College as a whole, rather than any department of the College and the liability will not be reported in the department level financial statements of the College. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of San Juan College.

Information concerning the net OPEB liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the San Juan College Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020.

Note 7: Concentrations

A significant portion of the revenues of the Station is received operating transfers and indirect administrative support from San Juan College. For the year ended June 30, 2020, operating transfers and indirect administrative support totaled \$163,974. Receipt of these funds is contingent upon the continued operations and support of the College.

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Notes to Financial Statements

Note 8: Subsequent Events

The date to which events occurring after June 30, 2020, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is January 8, 2021, which is the date on which the financial statements were available to be issued.

KSJE acquired a radio translator to serve Durango, Colorado in FY20. This addition broadens the Station's coverage in the Four Corners region which should positively impact listenership and financial support.

San Juan College, including KSJE, has been significantly affected by the COVID-19 virus. The State of New Mexico mandated closures and restrictions, causing most classes to be moved to on-line modality from mid-March through the date of this report. The College made major efforts to rapidly transition to remote learning, or in-person learning with significant new safety protocols. Despite these efforts, student enrollment dropped over the Summer and Fall terms of CY2020.



In addition, the College has borne extra expenses related to a number of areas:

- remote instruction infrastructure
- protective equipment, extra cleaning and hygiene
- modification of spaces to minimize potential viral communications
- additional computers, hotspots and equipment for faculty staff and students

The College obtained funding from Federal government and from private sources for some costs related to the College's pandemic response. This has included additional stabilization funding provided by the Corporation for Public Broadcasting, used to partially support stations staffing in FY21 and FY22.

It is completely unknown how long specific response measures will need to be continued due to COVID-19. We anticipate eventually returning to some normal business practices in an effort to serve our students and community. We continue to evaluate the effects of COVID-19 on the College, its operations and finances.

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Notes to Financial Statements

Note 9: Risk Management

As a department of San Juan College, the Station is exposed to the same risks as the College. The College is exposed to various risks of loss. The College participates in the New Mexico Public Liability and Public Property Funds managed by the New Mexico Risk Management Division.

The State's fund covers the College, subject to certain deductibles, for risks of loss related to such situations as theft, damage and destruction of property, buildings, and equipment, injuries to employees, natural disasters, and liability for negligent acts or omissions while acting in the authorized governmental capacity and in the course and scope of employment or authorization.

The College has not filed any claims wherein the settlement amount exceeded the insurance coverage during the past five years. However, should a claim be filed by the College which exceeds the insurance coverage, the College would be responsible for a loss in excess of the coverage amounts. As claims are filed, the College and the New Mexico Risk Management Division and private brokers and insurers assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverages are expected to continue. At June 30, 2020, no unpaid claims have been filed which exceed policy limits, and, to the best of management's knowledge and belief, all known and unknown claims will be covered by insurance.

No major lawsuits are outstanding against the College. The College is involved in some litigation, none of which is expected to exceed insurance coverage limits at this time. New Mexico Risk Management Division has not provided information on an entity by entity basis that would allow for reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

Note 10: Subsequent and New GASB Pronouncements

The GASB has issued the following statements:

In January 2017, GASB Statement No. 84 *Fiduciary Activities* was issued. This Pronouncement is effective for reporting periods beginning after December 15, 2019. KSJE is still evaluating how this pronouncement will affect its financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period* was issued. This pronouncement is effective for reporting periods beginning after December 15, 2020. KSJE is still evaluating how this pronouncement will affect its financial statements.

In May 2011, GASB Statement No. 91 *Conduit Debt Obligations* was issued. This Pronouncement is effective for reporting periods beginning after December 15, 2021. KSJE does not expect that this pronouncement will have a significant effect on its financial statements.

In May 2011, GASB Statement No. 93 *Replacement of Interbank Offered Rates* was issued. This Pronouncement is effective for reporting periods beginning after December 31, 2021. KSJE does not expect that this pronouncement will have a significant effect on its financial statements.

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Notes to Financial Statements

In May of 2020, GASB Statement No. 95 *Postponement of the Effective Date of Certain Guidance* was issued. This pronouncement postponed the effective date of many GASB Statements issued but not yet effective, including all of the above Statements (whose effective dates have been accordingly revised).

In May of 2020, GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* was issued. This Pronouncement is effective for reporting periods beginning after June 15, 2022. KSJE is still evaluating how this pronouncement will affect its financial statements.

Compliance Section

**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***

INDEPENDENT AUDITORS' REPORT

The Corporation for Public Broadcasting
Board of Trustees
San Juan College
KJSE Radio Station
Farmington, New Mexico

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 financial statements of the business-type activities of KSJE Radio (the "Radio Station"), a department of San Juan College, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Radio Station's financial statements are free from 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 result of that testing, and not to provide an opinion on the effectiveness of the Radio Station'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 Radio Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, slightly slanted style.

Cordova CPAs LLC
Albuquerque, NM
January 8, 2021

**KSJE Radio Station
A Department of San Juan College
June 30, 2020
Schedule of Findings and Responses**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None Noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted? | None Noted |

SECTION II – PRIOR YEAR AUDIT FINDINGS

None Noted

SECTION III – FINANCIAL STATEMENT FINDINGS

None Noted