

KUOW/PUGET SOUND PUBLIC RADIO

FINANCIAL REPORT

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
KUOW/Puget Sound Public Radio
Seattle, Washington

We have audited the accompanying financial statements of KUOW/Puget Sound Public Radio, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUOW/Puget Sound Public Radio as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sullivan LLP

November 2, 2018

KUOW/PUGET SOUND PUBLIC RADIO

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ 951,534	\$ 2,542,751
Investments	6,601,357	6,209,550
Accounts receivable, net	646,615	556,197
Prepaid expenses	<u>216,797</u>	<u>54,761</u>
Total current assets	8,416,303	9,363,259
Investments Held for Endowment	4,535,481	4,195,162
Interest in Endowment Held by the University	81,543	75,961
Property, Plant, and Equipment, net	<u>3,713,988</u>	<u>1,840,735</u>
Total assets	<u>\$ 16,747,315</u>	<u>\$ 15,475,117</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 313,957	\$ 131,251
Net Assets		
Unrestricted	16,200,524	15,142,010
Temporarily restricted	151,291	125,895
Permanently restricted	<u>81,543</u>	<u>75,961</u>
Total net assets	<u>16,433,358</u>	<u>15,343,866</u>
Total liabilities and net assets	<u>\$ 16,747,315</u>	<u>\$ 15,475,117</u>

See Notes to Financial Statements

KUOW/PUGET SOUND PUBLIC RADIO

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support								
Listener support, net	\$ 11,637,486	\$ 104,280	\$ -	\$ 11,741,766	\$ 9,289,168	\$ 34,800	\$ -	\$ 9,323,968
Underwriting, net	4,054,270			4,054,270	3,416,929			3,416,929
Community service grant from Corporation for Public Broadcasting	649,413			649,413	744,153			744,153
Other grants and contributions	71,893			71,893	422,738	42,316		465,054
Interest and dividend income	378,327			378,327	159,078			159,078
Donated services and supplies	45,396			45,396	46,039			46,039
Direct support from the University	132,583			132,583	127,462			127,462
Indirect support from the University	143,043			143,043	118,498			118,498
	<u>17,112,411</u>	<u>104,280</u>		<u>17,216,691</u>	<u>14,324,065</u>	<u>77,116</u>		<u>14,401,181</u>
Net Assets Released from Restrictions	78,884	(78,884)			2,365	(2,365)		
Total revenue and support	<u>17,191,295</u>	<u>25,396</u>		<u>17,216,691</u>	<u>14,326,430</u>	<u>74,751</u>		<u>14,401,181</u>
Expenses								
Program services								
Programming and production	7,702,325			7,702,325	7,528,120			7,528,120
Broadcasting	1,047,801			1,047,801	1,493,675			1,493,675
Public information	2,883,967			2,883,967	1,906,217			1,906,217
	<u>11,634,093</u>			<u>11,634,093</u>	<u>10,928,012</u>			<u>10,928,012</u>
Supporting services								
Listener support	2,403,263			2,403,263	2,209,856			2,209,856
General and administrative	1,482,251			1,482,251	1,116,710			1,116,710
Underwriting	972,917			972,917	909,847			909,847
	<u>4,858,431</u>			<u>4,858,431</u>	<u>4,236,413</u>			<u>4,236,413</u>
Total expenses	<u>16,492,524</u>			<u>16,492,524</u>	<u>15,164,425</u>			<u>15,164,425</u>
Change in net assets before investment gain	698,771	25,396		724,167	(837,995)	74,751		(763,244)
Investment gain	359,743		5,582	365,325	825,276		5,206	830,482
Change in net assets	1,058,514	25,396	5,582	1,089,492	(12,719)	74,751	5,206	67,238
Net Assets, beginning of year	15,142,010	125,895	75,961	15,343,866	15,154,729	51,144	70,755	15,276,628
Net Assets, end of year	<u>\$ 16,200,524</u>	<u>\$ 151,291</u>	<u>\$ 81,543</u>	<u>\$ 16,433,358</u>	<u>\$ 15,142,010</u>	<u>\$ 125,895</u>	<u>\$ 75,961</u>	<u>\$ 15,343,866</u>

See Notes to Financial Statements

KUOW/PUGET SOUND PUBLIC RADIO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Program Services				Supporting Services				Total
	Programming and Production	Broadcasting	Public Information	Total Program Services	Listener Support	General and Administrative	Underwriting	Total Supporting Services	
Salaries and benefits, including pension expense of \$533,091	\$ 4,526,416	\$ 612,405	\$ 1,872,396	\$ 7,011,217	\$ 1,157,121	\$ 774,170	\$ 775,749	\$ 2,707,040	\$ 9,718,257
Professional services	217,008	51,122	190,734	458,864	101,231	143,148	18,036	262,415	721,279
Contract services									
Program acquisition	2,119,345			2,119,345					2,119,345
Rent	424,786	52,942	258,790	736,518	122,603	92,314	72,304	287,221	1,023,739
Postage	28	368	309	705	244,948	1,713	1,261	247,922	248,627
Printing	2,466	267	12,084	14,817	184,526	4,216	416	189,158	203,975
Agency and processing fees					818	159,277	1,261	161,356	161,356
Telecommunications	40,391	46,950	25,235	112,576	14,588	7,683	6,027	28,298	140,874
Other contract services	86,572	155,573	231,449	473,594	57,329	144,582	21,049	222,960	696,554
Supplies	13,687	97,995	143,186	254,868	394,375	65,110	5,136	464,621	719,489
Depreciation and amortization	151,010	16,065	89,964	257,039	41,769	32,129	25,704	99,602	356,641
Travel	50,650	3,200	27,959	81,809	51,173	41,005	7,027	99,205	181,014
Miscellaneous		30		30	12	1,783	15,000	16,795	16,825
Total expenses before donated services and similar	7,632,359	1,036,917	2,852,106	11,521,382	2,370,493	1,467,130	948,970	4,786,593	16,307,975
Donated services and supplies and indirect support from the University	69,966	10,884	31,861	112,711	32,770	15,121	23,947	71,838	184,549
	<u>\$ 7,702,325</u>	<u>\$ 1,047,801</u>	<u>\$ 2,883,967</u>	<u>\$ 11,634,093</u>	<u>\$ 2,403,263</u>	<u>\$ 1,482,251</u>	<u>\$ 972,917</u>	<u>\$ 4,858,431</u>	<u>\$ 16,492,524</u>

See Notes to Financial Statements

KUOW/PUGET SOUND PUBLIC RADIO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	Program Services				Supporting Services				Total
	Programming and Production	Broadcasting	Public Information	Total Program Services	Listener Support	General and Administrative	Underwriting	Total Supporting Services	
Salaries and benefits, including pension expense of \$514,153	\$ 4,228,499	\$ 660,676	\$ 1,170,921	\$ 6,060,096	\$ 983,955	\$ 625,943	\$ 645,554	\$ 2,255,452	\$ 8,315,548
Professional services	277,333	152,706	246,787	676,826	89,888	69,007	9,762	168,657	845,483
Supplies	12,263	266,867	12,076	291,206	384,114	54,348	1,825	440,287	731,493
Contract services									
Program acquisition	2,110,053			2,110,053					2,110,053
Rent	420,881	70,551	162,612	654,044	105,220	96,747	76,524	278,491	932,535
Other contract services	93,763	226,942	107,440	428,145	33,282	123,355	82,455	239,092	667,237
Postage	114	1,136	25	1,275	237,157	1,967	1,001	240,125	241,400
Printing	2,155	327	37,593	40,075	154,822	1,763	374	156,959	197,034
Telecommunications	39,720	73,247	14,336	127,303	12,399	8,036	6,315	26,750	154,053
Agency and processing fees					94,593	44,542		139,135	139,135
Depreciation and amortization	214,826	22,854	127,983	365,663	59,420	45,711	36,566	141,697	507,360
Travel	59,555	9,351	8,412	77,318	20,515	34,245	10,423	65,183	142,501
Miscellaneous					411	742	14,903	16,056	16,056
Total expenses before donated services and similar	7,459,162	1,484,657	1,888,185	10,832,004	2,175,776	1,106,406	885,702	4,167,884	14,999,888
Donated services and supplies and indirect support from the University	68,958	9,018	18,032	96,008	34,080	10,304	24,145	68,529	164,537
	<u>\$ 7,528,120</u>	<u>\$ 1,493,675</u>	<u>\$ 1,906,217</u>	<u>\$ 10,928,012</u>	<u>\$ 2,209,856</u>	<u>\$ 1,116,710</u>	<u>\$ 909,847</u>	<u>\$ 4,236,413</u>	<u>\$ 15,164,425</u>

See Notes to Financial Statements

KUOW/PUGET SOUND PUBLIC RADIO

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 1,089,492	\$ 67,238
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Depreciation and amortization	356,641	507,360
Gain on investments	(365,325)	(830,482)
Change in operating assets and liabilities		
Accounts receivable	(90,418)	(159,761)
Prepaid expenses	(162,036)	8,642
Accounts payable and accrued expenses	182,706	114,123
Deferred revenue		(151,000)
Net cash flows from operating activities	1,011,060	(443,880)
Cash Flows from Investing Activities		
Release of deposit held in escrow		350,000
Acquisitions of property and equipment	(2,229,894)	(823,573)
Purchase of investments	(372,383)	(148,641)
Net cash flows from investing activities	(2,602,277)	(622,214)
Change in cash	(1,591,217)	(1,066,094)
Cash, beginning of year	2,542,751	3,608,845
Cash, end of year	\$ 951,534	\$ 2,542,751

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

KUOW/Puget Sound Public Radio ("KUOW") is a nonprofit corporation providing public radio programming and services to the Puget Sound region including Seattle, Tacoma, and other communities in Western Washington, and Southern British Columbia. KUOW currently operates the three following public radio stations:

- KUOW-FM Seattle
- KUOW Tumwater
- KQOW Bellingham

All three stations are licensed to the University of Washington ("the University").

Fiscal Year

KUOW operates on a fiscal year ending on June 30.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Financial Statement Presentation

KUOW reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions restricted by time or program are reported as temporarily restricted support and are then reclassified to unrestricted net assets when the restrictions are met. If temporarily restricted contributions are received and the restrictions are met in the period received, they are recorded as unrestricted revenue.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Investments and the interest in funds held by the University are presented at fair value in these financial statements.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Smart speakers	\$ 94,280	\$ -
Wayne C. Roth Fund	57,011	58,779
Community engagement		67,116
	<u>\$ 151,291</u>	<u>\$ 125,895</u>

Permanently Restricted Net Assets/Interest in Endowment Held by the University

Permanently restricted net assets consist of an endowment held by the University. The assets consist of a portion of a pool of various investments. The investment is accounted for at the fair value of the underlying investments and is considered Level 3 in the fair value hierarchy. The income is to be used to support the operations of KUOW.

Changes in this investment balance are as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Assets, beginning of year	\$ 75,961	\$ 70,755
Unrealized gain	5,582	5,206
Assets, end of year	<u>\$ 81,543</u>	<u>\$ 75,961</u>

The value of Level 3 assets is provided by the University.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Supplies/Support from the University

Donated services and supplies are recognized at their estimated fair value in the financial statements and consist of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Contributed radio acknowledgements	\$ 3,556	\$ 10,998
Supplies	41,840	35,041
	<u>\$ 45,396</u>	<u>\$ 46,039</u>

Direct support from the University (amounting to \$132,583 in 2018 and \$127,462 in 2017) primarily represents the portion of the salary and benefits for KUOW's President that was paid for by the University. Direct support also includes other payroll-related support.

KUOW also receives indirect administrative support from the University. This support consists of:

- Human resources
- Payroll
- Legal counsel
- Purchasing and disbursing
- Media relations and communications

The value of indirect support is recorded based on the Corporation for Public Broadcasting guidelines, and totaled \$143,043 and \$118,498 for the years ended June 30, 2018 and 2017, respectively.

On the statements of functional expenses, donated services and supplies and the indirect support from the University are combined into one line and consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Donated services and supplies	\$ 41,506	\$ 46,039
Indirect support from the University	<u>143,043</u>	<u>118,498</u>
	<u>\$ 184,549</u>	<u>\$ 164,537</u>

The University pays certain expenses such as payroll, benefits, and rent on behalf of KUOW, and KUOW reimburses the University for these costs each month. As of June 30, 2018, the payable due to the University was \$42,839 and is included within accounts payable and accrued expenses. As of June 30, 2017, KUOW had overpaid for these reimbursements and was due \$37,735 from the University, which is included within accounts receivable.

Cash

Cash consists of cash in bank and money market funds held in an investment account. At times during the year, KUOW has cash in banks in excess of the FDIC insurance limits. Amounts held in investment accounts are not covered by FDIC insurance; however, some balances may be covered by the Securities Investor Protection Corporation. To mitigate this risk, management believes it has selected financially sound financial institutions to hold its funds.

Accounts Receivable

Almost all subscribers and underwriting fees come from individuals and companies located in the Pacific Northwest. Most accounts receivable relate to underwriting. These receivables are stated at their outstanding principal balances. Management reviews receivables on a regular basis and establishes an allowance for accounts that may not be collectible. Any amounts written off are charged against the allowance. The allowance for doubtful accounts balances was \$68,017 and \$75,263 at June 30, 2018 and 2017, respectively.

Investments

Investments are stated at fair value either using Level 1 inputs on the fair value hierarchy or net asset value ("NAV"). Investments stated at fair value (using Level 1 inputs) include mutual funds, exchange-traded funds, and common stocks. These investments are valued using Level 1 inputs. Investments also include Bernstein Dynamic Asset Allocation Overlays, which are similar to mutual funds but not actively traded, and the Bernstein Multi-Manager Alternative Fund, which is a diversified fund of hedge funds and is also not actively traded. Overlay A is an equity-oriented asset allocation and invests in domestic and international common stocks, futures contracts, and forward currency contracts. Overlay B is a fixed-income-oriented asset allocation and invests in domestic and international bonds, futures contracts, and forward currency contracts. The Multi-Manager Alternative Fund seeks to provide long-term capital appreciation by allocating assets among hedge funds that employ a broad range of strategies.

Overlay A and B, and the Multi-Manager Alternative Fund are valued based on the NAV of the underlying investments. NAV would not be used as a practical expedient to determine fair value if it is expected the related investments would sell for a different amount than NAV. The investments have no redemption restrictions and have no future funding requirements.

Investments are summarized as follows:

	<u>2018</u>	<u>2017</u>
Mutual Funds and Exchange-Traded Funds (valued using Level 1 inputs)	\$ 4,100,770	\$ 3,751,578
Bernstein Multi-Manager Alternative Fund (valued at NAV)	750,373	863,380
Bernstein Dynamic Asset Allocation Overlays (valued at NAV)		
Overlay A	839,786	778,818
Overlay B	910,428	815,774
	<u>\$ 6,601,357</u>	<u>\$ 6,209,550</u>

Investments held for the endowment are summarized as follows:

	<u>2018</u>	<u>2017</u>
Mutual Funds and Exchange-Traded Funds (valued using Level 1 inputs)	\$ 2,756,786	\$ 2,550,720
Bernstein Multi-Manager Alternative Fund (valued at NAV)	603,888	582,165
Bernstein Dynamic Asset Allocation Overlays (valued at NAV)		
Overlay A	935,371	850,841
Overlay B	239,436	211,436
	<u>\$ 4,535,481</u>	<u>\$ 4,195,162</u>

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of donation. Depreciation and amortization are calculated by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the anticipated lease term if shorter than the asset's useful life. Donated assets are considered unrestricted property unless the use is specifically restricted by the donor. KUOW's policy is to capitalize items with a cost greater than \$3,000 and a useful life greater than one year.

Beginning in 2017, KUOW began capitalizing costs related to internally developed software. These digital infrastructure improvements to the KUOW website and content management system platforms are geared to refine various facets of content accessibility, simplify internal workflow processes, and improve the overall cross-platform user experience. Some of these functionalities were completed during 2018, and related completed costs were considered to be placed into service. KUOW is expecting to incur additional related costs for this digital infrastructure improvement project through 2019. See Note 2.

Revenue

Listener support (individual subscriptions) represents amounts given or pledged by individuals, and are recognized in the period received. Subscription revenue is recognized as payments are made, given that subscriptions may be canceled at any time by the donor. Listener support is presented net of related agency and processing fees of \$226,780 and \$213,909 for the years ended June 30, 2018 and 2017, respectively.

Underwriting revenue is recognized when the related programming is aired. Related revenue is presented net of related agency and processing fees of \$671,220 and \$345,553 for the years ended June 30, 2018 and 2017, respectively.

Grant revenue from the Corporation for Public Broadcasting represents unrestricted funding used to support general operations. Other grants and contributions represent both restricted and unrestricted funding obtained from other organizations and foundations. All grant revenue is recognized as revenue when it is granted unless there are conditions placed on the grant by the donor.

Fundraising

Total fundraising costs were \$3,372,025 and \$3,119,703 for the years ended June 30, 2018 and 2017, respectively. These costs exclude agency and processing fees directly related to revenue, which are netted against related listener support or underwriting revenue on the statements of activities. The composition of fundraising costs appears in the listener support and underwriting columns of the statements of functional expenses.

Income Taxes

KUOW is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain balances in the prior-year financial statements have been reclassified to conform to the current-year presentation.

Subsequent Events

KUOW has evaluated subsequent events through the date these financial statements were available to be issued, which was November 2, 2018.

Note 2. Property, Plant, and Equipment

A summary of property, plant, and equipment is as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 5,146,070	\$ 5,146,070
Equipment	77,724	4,349,088
Digital infrastructure	475,666	
	<u>5,699,460</u>	<u>9,495,158</u>
Less: accumulated depreciation and amortization	<u>(4,441,809)</u>	<u>(8,434,258)</u>
	1,257,651	1,060,900
Construction in progress	2,450,737	774,235
Land	5,600	5,600
	<u>\$ 3,713,988</u>	<u>\$ 1,840,735</u>

Construction in progress as of June 30, 2018 is made up of incomplete digital infrastructure improvements as discussed in Note 1, studio refurbishments in progress, and leasehold improvements related to the buildout of new office space acquired by KUOW during 2018.

Note 3. Operating Lease

The University leases KUOW's broadcasting and administrative facilities under a lease that expires in June 2028. Lease payments are adjusted every five years for changes in the Consumer Price Index. The next adjustment will be in the fiscal year ending June 30, 2019. KUOW reimburses the University for the payments due under the lease.

Future minimum lease payments under this lease (assuming no Consumer Price Index adjustment) are as follows for the years ending June 30:

2019	\$ 906,798
2020	906,798
2021	906,798
2022	906,798
2023	906,798
Thereafter	<u>4,533,985</u>
	<u>\$ 9,067,975</u>

Note 4. Board-Designated Funds Held as Endowment

As mentioned in Note 1, KUOW has an interest in an endowment held by the University. KUOW's other endowment consists of one board-designated fund established to provide long-term stability and support for the programs, operations, and activities of KUOW. As this endowment is not restricted by outside donors, it is board-designated and is included with unrestricted net assets (referred to as a quasi-endowment). This endowment changed in value as follows for the years ended June 30:

	2018	2017
Assets, beginning of year	\$ 4,195,162	\$ 3,795,053
Gain in value of investments	340,319	400,109
Endowment net assets, end of year	<u>\$ 4,535,481</u>	<u>\$ 4,195,162</u>

Interpretation of Relevant Law

Although KUOW's endowment is board-designated (and, therefore, can be withdrawn), it expects to use this money as "seed money" for future endowment growth (including donor-restricted gifts). As part of these plans, the Board of Directors of KUOW has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, KUOW classifies gifts made by contributors as permanently restricted net assets at (a) the original value of gifts donated to the permanent endowment, plus (b) the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, KUOW considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of KUOW and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- The investment policies of KUOW
- Other resources of KUOW

Return Objectives and Risk Parameters

KUOW has adopted investment and spending policies for endowment assets that attempt to provide a blend of portfolio appreciation and modest current income by investing primarily in equity securities with a moderate investment in fixed income investments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, KUOW targets a diversified asset allocation, which is reviewed at least annually.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board of Directors of KUOW established a new spending policy outlining annual distribution terms for the fund in 2018. The annual distribution from the fund will be 4% to either the general operating funds of KUOW or board-specified program(s) unless otherwise altered for the period by majority vote of the Board of Directors.