



Board of Directors
Friends of Public Radio Arizona
Tempe, Arizona

We have audited the financial statements of Friends of Public Radio Arizona as of and for the year ended June 30, 2023, and have issued our report thereon dated October 9, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated July 31, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Friends of Public Radio Arizona are described in Note 1 to the consolidated financial statements.

As described in Note 1, the entity changed accounting policies related to leases by adopting Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 842, *Leases*, in 2023. There was no material impact on the Organization's financial position and change in net assets as a result of the adoption of this accounting standard.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were the functional allocation of expenses, the valuation of investments and the useful lives of assets. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Consolidated Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected consolidated financial statement misstatements.

Corrected misstatements

The following material misstatements were detected as a result of audit procedures were corrected by management:

- During our audit procedures we noted that one multi-year pledge was not properly recorded as revenue during the current fiscal year. An audit adjustment was posted to record \$170,000 of additional revenue and receivable.
- During our audit procedures we noted that the expenses related to CRM project were not properly recorded during the current fiscal year. We noted \$82,500 of expenses that should have been recorded in prepaid expenses as those were for prepaid hours that were not used during the current year. Noted also \$59,591 of expenses that should have been capitalized as they were related to the application development stage of the project. Two audit adjustments were posted which decreased expenses by \$142,091 and increased prepaid expenses by \$82,500 and property and equipment by \$59,591.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Supplementary information in relation to the consolidated financial statements as a whole

With respect to the statement of activities by license (collectively, the supplementary information) accompanying the consolidated financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the consolidated financial statements themselves. We have issued our report thereon dated October 9, 2023. The statement of activities by license accompanying the consolidated financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the consolidated financial statements.

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This communication is intended solely for the information and use of the board of directors and management of Friends of Public Radio Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Phoenix, Arizona
October 9, 2023