

**KANU-FM RADIO STATION
AND AUDIO READER
UNIVERSITY OF KANSAS
Lawrence, Kansas**

**FINANCIAL STATEMENTS
For the years ended
June 30, 2017 and 2016**

...KL...

Karlin & Long, LLC
Certified Public Accountants

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

KANU-FM RADIO STATION AND AUDIO READER
University of Kansas
Lawrence, Kansas

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1-2
Financial Statements	
Combined Statements of Financial Position	3-4
Combined Statements of Activities and Changes in Net Assets	5-6
Combined Statements of Cash Flows	7-8
Combined Statements of Functional Expenses	9-10
Notes to Financial Statements	11-15

...KL...

Karlin & Long, LLC
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS**

To the Board of Directors
KANU-FM Radio Station and Audio Reader
University of Kansas
Lawrence, Kansas

We have audited the accompanying financial statements of KANU-FM Radio Station and Audio Reader (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, 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 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.

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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.

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

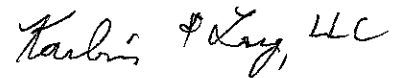
Board of Directors

KANU-FM Radio Station and Audio Reader

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 KANU-FM Radio Station and Audio Reader (a nonprofit organization), as of June 30, 2017 and 2016 and the respective changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC
Certified Public Accountants

December 26, 2017
Lawrence, Kansas

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

COMBINED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2017 and 2016

	2017		
	<u>KANU - FM Radio Station</u>	<u>Audio Reader</u>	<u>2017 Combined</u>
Assets			
Current assets			
Cash in Bank (Note 3)	\$ 893,783	\$ 657,361	\$ 1,551,144
Investments	380,004	925,078	1,305,082
Inventory	7,100	700	7,800
Total current assets	<u>1,280,887</u>	<u>1,583,139</u>	<u>2,864,026</u>
Property and Equipment			
Leasehold improvements	9,687	122,177	131,864
Radio equipment	2,590,682	1,047,470	3,638,152
Vehicles	16,865	38,257	55,122
Office equipment	98,917	37,918	136,835
Structures	1,155,128	378,114	1,533,242
	<u>3,871,279</u>	<u>1,623,936</u>	<u>5,495,215</u>
Less accumulated depreciation	<u>(3,097,417)</u>	<u>(1,516,243)</u>	<u>(4,613,660)</u>
Total property and equipment	<u>773,862</u>	<u>107,693</u>	<u>881,555</u>
Total assets	<u>\$ 2,054,749</u>	<u>\$ 1,690,832</u>	<u>\$ 3,745,581</u>
Liabilities and Net Assets			
Current Liabilities			
Accrued expenses	\$ 10,004	\$ 2,543	\$ 12,547
Total current liabilities	<u>10,004</u>	<u>2,543</u>	<u>12,547</u>
Net Position - Unrestricted	<u>2,044,745</u>	<u>1,688,289</u>	<u>3,733,034</u>
Total liabilities and net position	<u>\$ 2,054,749</u>	<u>\$ 1,690,832</u>	<u>\$ 3,745,581</u>

The accompanying notes to financial statements
are an integral part of this statement.

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

COMBINED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2017 and 2016

	2016		
	KANU - FM Radio Station	Audio Reader	2016 Combined
Assets			
Current assets			
Cash in Bank (Note 3)	\$ 566,623	\$ 407,155	\$ 973,778
Investments	357,226	869,628	1,226,854
Inventory	7,100	700	7,800
Total current assets	<u>930,949</u>	<u>1,277,483</u>	<u>2,208,432</u>
Property and Equipment			
Leasehold improvements	9,687	122,177	131,864
Radio equipment	2,560,184	1,037,445	3,597,629
Vehicles	16,865	38,257	55,122
Office equipment	98,917	37,918	136,835
Structures	1,155,128	378,114	1,533,242
	3,840,781	1,613,911	5,454,692
Less accumulated depreciation	<u>(3,056,687)</u>	<u>(1,510,575)</u>	<u>(4,567,262)</u>
Total property and equipment	<u>784,094</u>	<u>103,336</u>	<u>887,430</u>
Total assets	<u>\$ 1,715,043</u>	<u>\$ 1,380,819</u>	<u>\$ 3,095,862</u>
Liabilities and Net Assets			
Current Liabilities			
Accrued expenses	\$ 52,630	\$ 4,329	\$ 56,959
Total current liabilities	<u>52,630</u>	<u>4,329</u>	<u>56,959</u>
Net Position - Unrestricted	<u>1,662,413</u>	<u>1,376,490</u>	<u>3,038,903</u>
Total liabilities and net position	<u>\$ 1,715,043</u>	<u>\$ 1,380,819</u>	<u>\$ 3,095,862</u>

The accompanying notes to financial statements
are an integral part of this statement.

KANU - FM RADIO STATION AND AUDIO READERUniversity of Kansas
Lawrence, Kansas**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION**

For the years ended June 30, 2017 and 2016

	2017		
	KANU - FM Radio Station	Audio Reader	2017 Combined
Revenue			
Contributions	\$ 1,358,737	\$ 378,504	\$ 1,737,242
Underwriting	304,164	2,500	306,664
State funding	455,029	485,703	940,732
CPB grants funding	261,049	-	261,049
Grant funding	24,005	-	24,005
Interest income and unrealized gains	39,779	96,838	136,617
In-kind contributions			
Broadcasting	89,250	-	89,250
Occupancy	36,919	-	36,919
Indirect support			
KUEA	355,250	99,849	455,099
KU overhead	331,606	177,391	508,997
Translator sales	-	-	-
Volunteer services	4,804	580,068	584,872
Production work	2,000	-	2,000
Tower rental	15,000	-	15,000
	<u>3,277,593</u>	<u>1,820,853</u>	<u>5,098,446</u>
Total revenue			
Expenses			
Program and production	797,215	851,410	1,648,625
Broadcast	1,142,936	265,752	1,408,688
General and administrative	663,686	270,107	933,793
Fundraising	250,695	116,116	366,812
Depreciation	40,730	5,668	46,398
	<u>2,895,262</u>	<u>1,509,054</u>	<u>4,404,316</u>
Total expenses			
Change in Net Assets	<u>382,331</u>	<u>311,799</u>	<u>694,130</u>
Net Position, Beginning of Year	<u>1,662,413</u>	<u>1,376,490</u>	<u>3,038,903</u>
Net Position, End of Year	<u>\$ 2,044,745</u>	<u>\$ 1,688,289</u>	<u>\$ 3,733,034</u>

The accompanying notes to financial statements
are an integral part of this statement.

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION

For the years ended June 30, 2017 and 2016

	2016		
	KANU - FM Radio Station	Audio Reader	2016 Combined
Revenue			
Contributions	\$ 893,470	\$ 242,610	\$ 1,136,080
Underwriting	315,104	2,000	317,104
State funding	524,847	507,669	1,032,516
CPB grants funding	268,000	-	268,000
Grant funding	21,146	-	21,146
Interest income and unrealized gains	104,131	42,933	147,064
In-kind contributions			
Broadcasting	89,250	-	89,250
Occupancy	36,919	-	36,919
Indirect support			
KUEA	277,639	85,166	362,805
KU overhead	331,656	202,031	533,687
Translator sales	40,000	-	40,000
Volunteer services	4,778	576,924	581,702
Production work	5,985	-	5,985
Tower rental	8,286	-	8,286
	<u>2,921,211</u>	<u>1,659,333</u>	<u>4,580,544</u>
Expenses			
Program and production	748,905	852,716	1,601,621
Broadcast	1,052,374	256,812	1,309,186
General and administrative	697,501	328,884	1,026,385
Fundraising	227,258	104,038	331,297
Depreciation	41,268	5,439	46,707
	<u>2,767,306</u>	<u>1,547,889</u>	<u>4,315,195</u>
Change in Net Assets	<u>153,905</u>	<u>111,444</u>	<u>265,349</u>
Net Position, Beginning of Year	<u>1,508,508</u>	<u>1,265,046</u>	<u>2,773,554</u>
Net Position, End of Year	<u>\$ 1,662,413</u>	<u>\$ 1,376,490</u>	<u>\$ 3,038,903</u>

The accompanying notes to financial statements
are an integral part of this statement.

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

COMBINED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2017 and 2016

	2017		
	KANU - FM Radio Station	Audio Reader	2017 Combined
Cash Flows From Operating Activities			
Changes in net position	\$ 382,331	\$ 311,799	\$ 694,130
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	40,730	5,668	46,398
Change in assets and liabilities Accrued expenses	<u>(42,626)</u>	<u>(1,788)</u>	<u>(44,414)</u>
Net cash provided (used) by operating activities	<u>380,435</u>	<u>315,679</u>	<u>696,114</u>
Cash Flows From Investing Activities			
(Increase)decrease in short-term investments	(22,778)	(55,449)	(78,227)
Purchase of property and equipment	<u>(30,498)</u>	<u>(10,025)</u>	<u>(40,523)</u>
Net cash provided (used) by investing activities	<u>(53,276)</u>	<u>(65,474)</u>	<u>(118,750)</u>
Net Increase (Decrease) in Cash	327,159	250,205	577,364
Cash, Beginning of Year	<u>566,623</u>	<u>407,155</u>	<u>973,778</u>
Cash, End of Year	<u>\$ 893,783</u>	<u>\$ 657,361</u>	<u>\$ 1,551,144</u>

The accompanying notes to financial statements
are an integral part of this statement.

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

COMBINED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2017 and 2016

	2016		
	KANU - FM Radio Station	Audio Reader	2016 Combined
Cash Flows From Operating Activities			
Changes in net position	\$ 153,905	\$ 111,444	\$ 265,349
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	41,268	5,439	46,707
Change in assets and liabilities Accrued expenses	<u>(87,520)</u>	<u>(59,235)</u>	<u>(146,755)</u>
Net cash provided (used) by operating activities	<u>107,653</u>	<u>57,648</u>	<u>165,301</u>
Cash Flows From Investing Activities			
(Increase)decrease in short-term investments	23,450	57,084	80,534
Purchase of property and equipment	<u>(92,744)</u>	<u>(60,927)</u>	<u>(153,671)</u>
Net cash provided (used) by investing activities	<u>(69,294)</u>	<u>(3,843)</u>	<u>(73,137)</u>
Net Increase (Decrease) in Cash	38,359	53,805	92,164
Cash, Beginning of Year	<u>528,264</u>	<u>353,350</u>	<u>881,614</u>
Cash, End of Year	<u>\$ 566,623</u>	<u>\$ 407,155</u>	<u>\$ 973,778</u>

The accompanying notes to financial statements
are an integral part of this statement.

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the years ended June 30, 2017 and 2016

	2017		
	KANU - FM Radio Station	Audio Reader	2017 Combined
Accounting	\$ -	\$ -	\$ -
Administrative	6,606	-	6,606
Advertising	7,302	755	8,057
Advisory board	4,259	-	4,259
Automotive	4,755	466	5,222
Books	-	5,335	5,335
Computer support	41,267	20	41,287
Contingency fund	10,862	335	11,197
Contracted work	16,998	15,630	32,628
Equipment repair	8,042	55	8,096
Expansion Project	-	14,926	14,926
Facility	14,922	10,078	25,000
Fundraising	27,532	6,644	34,175
Insurance	5,276	295	5,571
Job searches	261	1,500	1,761
Licenses/Software	-	3,356	3,356
Live production	11,255	1,933	13,188
Memberships/ subscriptions	26,549	-	26,549
Miscellaneous	-	-	-
National public radio	-	2,863	2,863
Office supplies	1,747	1,589	3,337
Outreach	12,910	1,366	14,276
Postage	9,884	5,367	15,251
Printing	19,801	17,193	36,994
Professional development	79	-	79
Programming	363,264	-	363,264
Rescission	-	-	-
Salaries and fringe	1,305,051	532,857	1,837,908
Sales commissions	42,258	-	42,258
Sales tax payment	101	2,820	2,921
Staff meetings	533	505	1,038
Supplies and parts	3,599	1,906	5,505
Telecommunications	14,002	7,121	21,123
Translator expense	74,421	-	74,421
Travel	7,969	9,063	17,031
Broadcasting	89,250	-	89,250
Depreciation	40,730	5,668	46,398
KUEA	355,250	99,849	455,099
KU Overhead	331,606	177,391	508,997
Occupancy	36,919	-	36,919
Volunteer expense	-	2,100	2,100
Volunteer services	-	580,068	580,068
Total Expenses	\$ 2,895,262	\$ 1,509,054	4,404,316

The accompanying notes to financial statements
are an integral part of this statement

KANU - FM RADIO STATION AND AUDIO READER

University of Kansas
Lawrence, Kansas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the years ended June 30, 2017 and 2016

	2016		
	KANU - FM Radio Station	Audio Reader	2016 Combined
Accounting	\$ 4,125	\$ 4,125	\$ 8,250
Administrative	3,949	-	3,949
Advertising	21,808	42	21,850
Advisory board	3,823	-	3,823
Automotive	12,296	4,212	16,508
Books	-	7,307	7,307
Computer support	22,076	-	22,076
Contingency fund	38,090	29,972	68,062
Contracted work	11,551	17,856	29,407
Equipment repair	2,065	-	2,065
Expansion Project	-	16,559	16,559
Facility	12,459	6,328	18,787
Fundraising	13,825	6,563	20,388
Insurance	5,224	7,970	13,194
Job searches	16,141	1,380	17,521
Licenses/Software	-	16,264	16,264
Live production	15,484	1,625	17,109
Memberships/ subscriptions	30,517	-	30,517
Miscellaneous	-	-	-
National public radio	-	3,830	3,830
Office supplies	2,617	1,518	4,135
Outreach	6,591	1,374	7,965
Postage	10,128	4,602	14,730
Printing	16,814	16,308	33,122
Programming	371,219	-	371,219
Rescission	-	-	-
Salaries and fringe	1,236,136	486,540	1,722,676
Sales commissions	31,740	-	31,740
Sales tax payment	32	2,019	2,051
Staff meetings	565	476	1,041
Supplies and parts	3,864	4,832	8,696
Telecommunications	12,816	7,224	20,040
Translator expense	76,417	-	76,417
Travel	8,202	16,964	25,166
Broadcasting	89,250	-	89,250
Depreciation	41,268	5,439	46,707
KUEA	277,639	85,166	362,805
KU Overhead	331,656	202,031	533,687
Occupancy	36,919	-	36,919
Volunteer expense	-	12,439	12,439
Volunteer services	-	576,924	576,924
Total Expenses	\$ 2,767,306	\$ 1,547,889	4,315,195

The accompanying notes to financial statements
are an integral part of this statement

KANU – FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

The combined financial statements of KANU-FM Radio Station and Audio Reader have been prepared on the accrual basis of accounting applying the generally accepted accounting and financial reporting principles. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates. The significant accounting policies described below have been followed on a consistent basis.

Organization

In 1952, the University of Kansas was granted the operating license for KANU-FM Radio Station, a listener-supported public radio station. Audio Reader commenced operations in 1971 to provide reading services to the visually impaired over the radio. The combined financial statements include the accounts of KANU-FM Radio Station and Audio Reader, two closely related University functions under the control of one director. All material transactions between the entities have been eliminated in these combined statements.

Investments

Investments consist of deposits in a University-wide, diversified, dollar denominated investment pool and have been recorded at cost which materially approximates market value.

Property and Equipment

Property and equipment are recorded at historical cost. Donated fixed assets are valued at their estimated fair market value on the date of donation. Depreciation has been provided for using the straight-line method over the estimated useful lives of the assets which vary from three to forty years. Maintenance and repairs are charged to expense as incurred, whereas major renewals and improvements are capitalized. When items of property and equipment are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

KANU – FM RADIO STATION AND AUDIO READER
University of Kansas
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Inventory of Supplies

Inventory of supplies are recorded at cost when purchased and used on the first-in first-out basis.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

In-Kind Contributions

In-kind contributions consist of donated professional services, donated programs, and donated facilities. Donated facilities from the University of Kansas consist of office and studio space, together with related occupancy costs, and are recorded in revenue and expense at their estimated fair rental values. This totaled \$126,169 and \$126,169 for KANU-FM for the years ended June 30, 2017 and 2016, respectively.

Administrative support from the University of Kansas consists of allocated institutional and academic support and allocated physical plant operations incurred by the university which benefits KANU-FM Radio Station and Audio Reader. Donated professional services are valued at their fair market values at the time of donation. This totaled \$686,856 for KANU-FM and \$277,240 for Audio Reader for the year ended June 30, 2017, and \$609,295 for KANU-FM and \$287,197 for Audio Reader for the year ended June 30, 2016.

Donated Personal Service of Volunteers

Donated personal services of volunteers are recorded as revenue and expense in the statement of operations at their estimated fair market values. This totaled \$4,804 for KANU-FM and \$580,068 for Audio Reader for the year ended June 30, 2017, and \$4,778 for KANU-FM and \$576,924 for Audio Reader for the year ended June 30, 2016.

KANU – FM RADIO STATION AND AUDIO READER
University of Kansas
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Pledges

Pledges are recorded as revenues when the funds are actually received by KANU-FM Radio Station and Audio Reader. Pledges receivable are not considered legally enforceable and, therefore, have not been recognized in the accompanying financial statements.

Income Taxes

KANU-FM Radio Station and Audio Reader are functions of the University of Kansas, which is exempt from federal income taxes under Section 501 (c) (25) of the Internal Revenue Code. It is not classified as a private foundation.

KANU-FM is a Not for Profit Organization under Internal Revenue regulations. The organization's federal tax returns for the fiscal years ending 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Cash Flow Information

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be a cash equivalent.

The Organization had no non-cash financing transaction in 2016 or 2015 and made no payments for income taxes or interest during the same period.

Concentration of Credit Risk

Financial accounting standards require disclosure of information about financial instruments with off balance sheet risk and about financial instruments with concentrations of credit risk.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization places its cash and cash equivalents and investments with high credit quality financial intuitions. The Organization has not incurred any material credit related losses.

KANU – FM RADIO STATION AND AUDIO READER

University of Kansas
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Defined Benefit Pension Plan

Plan Description – The Organization contributes to the Kansas Public Employees Retirement System (KPERS), TIAA-CREF and ING Financial, a cost sharing multiple-employer defined benefit pension plans, all plans are component units of the State of Kansas. All plans provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas Statutes Annotate Section 74-4901, et. seq. authorizes the creation of KPERS and allows such entities as the organization to elect participate for its eligible employees. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to provisions Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contributions rates. The actuarially determined employer contribution rate (not including the .085% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the Organization for the years ended June 30, 2017 and 2016 were \$14,176 and \$13,286, respectively.

TIAA-CREF and ING Financial requires contributions of 5.5% from employees and 8.5% from employers. The Organization's contributions to TIAA-CREF and ING Financial for the Organization's employees for the years ended June 30, 2017 and 2016 were \$97,290 and \$91,181, respectively.

KANU – FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Defined Benefit Pension Plan (continued)

Net Pension Liability - As of June 30, 2017, the Organization's proportionate share of the collective net pension liability reported by KPERS was \$14,176. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The Organization's proportion of the net pension liability was based on the ratio of the Organization's contributions to KPERS, relative to the total employer and non employer contributions to the Local subgroup within KPERS. Since KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

NOTE 3 – Risk Management

The organization is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 4 – Service Organization

KANU-Radio and Audio Reader utilized the accounting services of University of Kansas Endowment Association.

NOTE 5 - Subsequent Events

Subsequent events for management's review have been evaluated through December 26, 2017. The date in the prior sentence is the date the financial statements were available to be issued.