

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

FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

And

INDEPENDENT AUDITOR'S REPORT

...*KL*...

Karlin & Long, LLC
Certified Public Accountants

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KANU-FM RADIO STATION AND AUDIO READER

University of Kansas

Lawrence, Kansas

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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, 2020 and 2019, 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.

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

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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, 2020 and 2019 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.

Karlin & Long, LLC

Karlin & Long, LLC
Certified Public Accountants
Lenexa, Kansas

February 10, 2021

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

COMBINED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2020 and June 30, 2019

	2020		
	KANU - FM Radio Station	Audio Reader	2020 Combined
Assets			
Current assets			
Cash equivalents (Note 1)	\$ 867,489	\$ 921,180	\$ 1,788,669
Investments	862,593	1,136,099	1,998,692
Total current assets	<u>1,730,082</u>	<u>2,057,279</u>	<u>3,787,361</u>
Property and Equipment, net	<u>656,922</u>	<u>103,164</u>	<u>760,086</u>
Total assets	<u><u>\$ 2,387,004</u></u>	<u><u>\$ 2,160,443</u></u>	<u><u>\$ 4,547,447</u></u>
Liabilities and Net Assets			
Current Liabilities			
Accrued expenses	<u>\$ 99,430</u>	<u>\$ 21,625</u>	<u>\$ 121,055</u>
Total current liabilities	<u>99,430</u>	<u>21,625</u>	<u>121,055</u>
Net Assets			
Without Donor Restrictions	2,109,128	2,138,818	4,247,945
With Donor Restrictions	<u>178,446</u>	<u>-</u>	<u>178,446</u>
Total net assets	<u>2,287,574</u>	<u>2,138,818</u>	<u>4,426,391</u>
Total liabilities and net assets	<u><u>\$ 2,387,004</u></u>	<u><u>\$ 2,160,443</u></u>	<u><u>\$ 4,547,447</u></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, 2020 and June 30, 2019

	2019		
	KANU - FM Radio Station	Audio Reader	2019 Combined
Assets			
Current assets			
Cash equivalents (Note 1)	\$ 923,929	\$ 764,138	\$ 1,688,067
Investments	751,190	1,199,669	1,950,859
Total current assets	<u>1,675,119</u>	<u>1,963,807</u>	<u>3,638,926</u>
Property and Equipment, net	<u>690,561</u>	<u>110,041</u>	<u>800,602</u>
Total assets	<u><u>\$ 2,365,680</u></u>	<u><u>\$ 2,073,848</u></u>	<u><u>\$ 4,439,528</u></u>
Liabilities and Net Assets			
Current Liabilities			
Accrued expenses	<u>\$ 61,750</u>	<u>\$ 11,649</u>	<u>\$ 73,399</u>
Total current liabilities	<u>61,750</u>	<u>11,649</u>	<u>73,399</u>
Net Assets			
Without Donor Restrictions	2,303,930	2,062,199	4,366,129
With Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>2,303,930</u>	<u>2,062,199</u>	<u>4,366,129</u>
Total liabilities and net assets	<u><u>\$ 2,365,680</u></u>	<u><u>\$ 2,073,848</u></u>	<u><u>\$ 4,439,528</u></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

For the years ended June 30, 2020 and June 30, 2019

	2020		
	KANU - FM Radio Station	Audio Reader	2020 Combined
Changes in Net Assets without Donor Restrictions			
Revenue and Support			
Contributions	\$ 958,723	\$ 306,188	\$ 1,264,912
Underwriting	265,404	1,700	267,104
University funding	314,343	189,040	503,383
CPB grants funding	311,389	-	311,389
Grant funding	21,484	-	21,484
Interest income and unrealized gains	34,335	54,521	88,855
Other Income	16,701	50,702	67,403
KPR bequests	40,733	-	40,733
In-kind contributions			
Broadcasting	89,250	-	89,250
Occupancy	36,919	-	36,919
Indirect support			
KUEA	545,938	106,143	652,081
KU overhead	306,247	75,453	381,700
Translator sales			
Volunteer services	6,732	568,698	575,430
Production work	1,378	-	1,378
Tower rental	18,346	-	18,346
	<u>2,967,922</u>	<u>1,352,444</u>	<u>4,320,366</u>
Total Revenue and Support without Donor Restrictions	<u>2,967,922</u>	<u>1,352,444</u>	<u>4,320,366</u>
Expenses			
Program expenses	2,584,093	1,059,814	3,643,906
Management and general	527,020	209,135	736,154
Depreciation	51,612	6,877	58,489
	<u>3,162,724</u>	<u>1,275,825</u>	<u>4,438,550</u>
Total expenses	<u>3,162,724</u>	<u>1,275,825</u>	<u>4,438,550</u>
Increase (Decrease) in Net Assets without Donor Restrictions	(194,802)	76,619	(118,184)

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

Changes in Net Assets with Donor Restrictions

Capital Funding Campaign	<u>178,446</u>	<u>-</u>	<u>178,446</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>178,446</u>	<u>-</u>	<u>178,446</u>
Increase (Decrease) in Net Assets	(16,356)	76,619	60,263
Net Assets at Beginning of Year	<u>2,303,930</u>	<u>2,062,199</u>	<u>4,366,129</u>
Net Position, End of Year	<u><u>\$ 2,287,574</u></u>	<u><u>\$ 2,138,817</u></u>	<u><u>\$ 4,426,392</u></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

For the years ended June 30, 2020 and June 30, 2019

	2019		
	KANU - FM Radio Station	Audio Reader	2019 Combined
Changes in Net Assets without Donor Restrictions			
Revenue and Support			
Contributions	\$ 1,156,130	\$ 283,876	\$ 1,440,005
Underwriting	341,175	-	341,175
University funding	308,656	335,981	644,637
CPB grants funding	292,915	-	292,915
Grant funding	24,405	-	24,405
Interest income and unrealized gains	43,001	53,245	96,246
Other Income	29,185	58,861	88,046
KPR bequests	-	-	-
In-kind contributions			
Broadcasting	89,250	-	89,250
Occupancy	36,919	-	36,919
Indirect support			
KUEA	498,607	108,107	606,714
KU overhead	349,264	154,841	504,105
Translator sales			
Volunteer services	9,515	537,050	546,565
Production work	1,628	-	1,628
Tower rental	18,906	-	18,906
	<u>3,199,557</u>	<u>1,531,960</u>	<u>4,731,517</u>
Total Revenue and Support without Donor Restrictions	<u>3,199,557</u>	<u>1,531,960</u>	<u>4,731,517</u>
Expenses			
Program expenses	2,395,913	1,074,676	3,470,589
Management and general	574,876	254,286	829,162
Depreciation	51,651	7,173	58,824
	<u>3,022,440</u>	<u>1,336,133</u>	<u>4,358,573</u>
Total expenses	<u>3,022,440</u>	<u>1,336,133</u>	<u>4,358,573</u>
Increase (Decrease) in Net Assets without Donor Restrictions	177,117	195,827	372,944

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

Changes in Net Assets with Donor Restrictions

Capital Funding Campaign	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	177,117	195,827	372,944
Net Assets at Beginning of Year	<u>2,126,813</u>	<u>1,866,372</u>	<u>3,993,185</u>
Net Position, End of Year	<u><u>\$ 2,303,930</u></u>	<u><u>\$ 2,062,199</u></u>	<u><u>\$ 4,366,129</u></u>

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

KANU - FM RADIO STATION

University of Kansas

Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES

For the years ended June 30, 2020 and June 30, 2019

	2020					
	Program Expenses					Management and General
	Development	Engineering	Programming	News	Total	
Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,616
Advertising	5,079	-	-	-	5,079	-
Advisory board	873	-	-	-	873	2,800
Automotive	-	2,680	-	-	2,680	1,465
Books	-	-	-	-	-	-
Computer support	22,263	-	1,099	-	23,362	-
Contingency fund	32	-	-	-	32	4,065
Contracted work	-	8,356	-	5,566	13,922	9,718
Equipment repair	-	12,586	-	-	12,586	-
Facility	-	-	-	-	-	3,380
Fundraising	26,896	-	-	-	26,896	-
Insurance	-	-	-	-	-	5,991
Job searches	-	-	-	-	-	14
KSUN - Allocations	7,424	-	-	-	7,424	-
Licenses/Software	-	-	-	-	-	-
Live production	-	-	10,341	-	10,341	-
Memberships/ subscriptions	495	-	14,521	6,206	21,223	1,410
Office supplies	405	-	103	325	833	896
Outreach	11,286	-	395	405	12,086	71
Overhead assessment	-	-	-	-	-	-
Postage	9,086	181	163	36	9,465	1,466
Printing	17,956	-	-	105	18,061	2,005
Professional development	355	-	-	-	355	-
Programming	-	-	386,517	-	386,517	-
Recruitment	4	-	67	-	70	-
Salaries and fringe	229,801	112,621	789,043	38,024	1,169,489	237,481
Sales commissions	-	-	-	-	-	-
Sales tax payment	111	-	-	-	111	-
Staff meetings	-	-	-	-	-	739
Supplies and parts	-	13,298	127	2,098	15,523	489
Telecommunications	2,800	3,921	-	4,576	11,297	6,778
Translator expense	-	-	-	-	-	77,239
Travel	1,795	-	-	602	2,398	3,261
Underwriting	13,520	-	-	-	13,520	-
Broadcasting	14,577	7,144	50,052	2,412	74,186	15,064
KUEA	89,168	43,700	306,168	14,754	453,790	92,149
KU Overhead	50,020	24,514	171,746	8,276	254,556	51,691
Occupancy	6,030	2,955	20,705	998	30,687	6,232
Volunteer recognition	-	-	-	-	-	-
Volunteer services	1,323	648	4,542	219	6,732	-
Total Expenses	\$ 511,299	\$ 232,604	\$ 1,755,589	\$ 84,601	\$ 2,584,093	\$ 527,020

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

KANU - FM RADIO STATION

University of Kansas
Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES
For the years ended June 30, 2020 and June 30, 2019

	2019					
	Program Expenses					Management and General
	Development	Engineering	Programming	News	Total	
Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,119.02
Advertising	5,032	-	-	-	5,032	-
Advisory board	2,439	-	-	-	2,439	2,800
Automotive	-	4,063	-	-	4,063	1,726
Books	-	-	-	-	-	-
Computer support	24,456	-	1,099	-	25,555	-
Contingency fund	95	-	-	-	95	2,897
Contracted work	-	9,108	-	3,834	12,942	6,885
Equipment repair	-	10,742	-	-	10,742	61
Facility	-	-	-	-	-	14,857
Fundraising	26,140	-	-	-	26,140	-
Insurance	-	-	-	-	-	5,495
Job searches	2,398	-	-	-	2,398	37
KSUN - Allocations	14,801	-	-	-	14,801	-
Licenses/Software	-	-	-	-	-	-
Live production	-	-	11,066	-	11,066	-
Memberships/ subscriptions	495	-	7,705	6,512	14,712	2,009
Office supplies	205	-	161	222	587	1,002
Outreach	6,650	-	663	862	8,175	340
Overhead assessment	-	-	-	-	-	-
Postage	8,107	468	141	47	8,762	1,641
Printing	16,213	-	-	-	16,213	1,905
Professional development	-	-	-	-	-	-
Programming	-	-	362,461	-	362,461	-
Recruitment	-	-	-	-	-	-
Salaries and fringe	236,568	77,978	678,735	29,919	1,023,200	246,486
Sales commissions	-	-	-	-	-	-
Sales tax payment	44	-	-	-	44	-
Staff meetings	-	-	-	-	-	236
Supplies and parts	286	16,069	283	122	16,760	439
Telecommunications	1,150	3,380	-	4,252	8,782	5,399
Translator expense	-	-	-	-	-	82,707
Travel	5,890	240	-	1,059	7,188	5,746
Underwriting	19,294	-	-	-	19,294	-
Broadcasting	16,629	5,481	47,710	2,103	71,923	17,326
KUEA	92,901	30,622	266,540	11,749	401,812	96,795
KU Overhead	65,075	21,450	186,706	8,230	281,461	67,803
Occupancy	6,879	2,267	19,736	870	29,752	7,167
Volunteer recognition	-	-	-	-	-	-
Volunteer services	2,200	725	6,312	278	9,515	-
Total Expenses	\$ 553,946	\$ 182,593	\$ 1,589,318	\$ 70,058	\$ 2,395,913	\$ 574,876

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

AUDIO READER
University of Kansas
Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES
For the years ended June 30, 2020 and June 30, 2019

	2020						
	Program Expenses						Management and General
	Development	Engineering	Volunteer	Programming	Outreach	Total	
Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Advertising	-	-	-	-	-	-	-
Advisory board	-	-	-	-	-	-	-
Automotive	-	-	-	-	1,709	1,709	-
Books	-	-	-	5,000	-	5,000	-
Computer support	-	-	-	474	-	474	-
Contingency fund	-	-	171	33	143	347	30
Contracted work	-	17,302	-	-	-	17,302	2,213
Equipment repair	-	-	-	-	-	-	-
Facility	-	-	-	-	-	-	3,280
Fundraising	6,353	-	-	-	-	6,353	-
Insurance	-	-	-	-	-	-	7,907
Job searches	-	-	-	-	-	-	-
KSUN - Allocations	-	-	-	-	-	-	-
Licenses/Software	1,500	-	-	-	-	1,500	-
Live production	-	-	-	-	-	-	-
Memberships/ subscriptions	1,152	-	-	120	646	1,918	1,030
Office supplies	30	-	-	979	1	1,010	540
Outreach	-	-	-	-	1,467	1,467	-
Overhead assessment	-	-	-	-	-	-	2,002
Postage	1,737	15	67	-	169	1,988	1,314
Printing	341	-	648	5,372	1,596	7,956	2,300
Professional development	-	-	-	-	-	-	-
Programming	-	-	-	-	-	-	-
Recruitment	-	-	-	14	-	14	6,897
Salaries and fringe	88,374	86,621	19,833	67,363	38,943	301,134	123,444
Sales commissions	-	-	-	-	-	-	-
Sales tax payment	2,835	-	-	-	-	2,835	-
Staff meetings	-	-	-	-	-	-	-
Supplies and parts	-	121	1,669	1,826	-	3,616	-
Telecommunications	-	-	-	1,935	-	1,935	4,877
Translator expense	-	-	-	-	-	-	-
Travel	88	-	727	43	2,238	3,096	505
Underwriting	-	-	-	-	-	-	-
Broadcasting	-	-	-	-	-	-	-
KUEA	22,093	21,655	4,958	16,841	9,736	75,282	30,860
KU Overhead	15,705	15,394	3,525	11,971	6,921	53,515	21,938
Occupancy	-	-	-	-	-	-	-
Volunteer recognition	-	-	2,666	-	-	2,666	-
Volunteer services	-	-	568,698	-	-	568,698	-
Total Expenses	\$ 140,207	\$ 141,108	\$ 602,960	\$ 111,970	\$ 63,568	\$ 1,059,814	\$ 209,135

AUDIO READER
University of Kansas
Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES
For the years ended June 30, 2020 and June 30, 2019

	2019						
	Program Expenses						Management and General
	Development	Engineering	Volunteer	Programming	Outreach	Total	
Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Advertising	124	-	-	-	-	124	-
Advisory board	-	-	-	-	-	-	-
Automotive	-	-	-	-	908	908	-
Books	-	-	-	6,393	-	6,393	-
Computer support	-	-	-	448	-	448	-
Contingency fund	-	-	-	-	13	13	1,121
Contracted work	-	17,783	-	-	-	17,783	2,200
Equipment repair	-	530	-	-	-	530	-
Facility	-	-	-	-	-	-	14,634
Fundraising	11,074	-	-	-	-	11,074	-
Insurance	-	-	-	-	-	-	6,718
Job searches	-	-	-	327	-	327	346
KSUN - Allocations	-	-	-	-	-	-	-
Licenses/Software	-	175	-	-	-	175	-
Live production	-	-	-	-	-	-	-
Memberships/ subscriptions	125	-	-	99	148	372	624
Office supplies	71	-	-	1,695	39	1,804	1,023
Outreach	3,506	-	-	22	2,945	6,473	-
Overhead assessment	-	-	-	-	-	-	2,153
Postage	1,192	40	211	44	122	1,610	1,644
Printing	3,209	-	14	6,212	2,206	11,641	1,905
Professional development	-	-	-	-	-	-	-
Programming	-	-	-	-	-	-	-
Recruitment	-	-	-	-	-	-	-
Salaries and fringe	81,840	80,217	18,366	62,383	36,064	278,871	131,901
Sales commissions	-	-	-	-	-	-	-
Sales tax payment	3,050	-	-	-	-	3,050	-
Staff meetings	-	-	-	-	-	-	666
Supplies and parts	-	4,553	138	513	65	5,269	-
Telecommunications	-	-	100	676	-	776	4,682
Translator expense	-	-	-	-	-	-	-
Travel	1,197	-	1,954	1,521	3,929	8,601	236
Underwriting	-	-	-	-	-	-	-
Broadcasting	-	-	-	-	-	-	-
KUEA	21,539	21,112	4,834	16,418	9,491	73,394	34,713
KU Overhead	30,850	30,238	6,923	23,515	13,594	105,120	49,720
Occupancy	-	-	-	-	-	-	-
Volunteer recognition	-	-	2,867	-	-	2,867	-
Volunteer services	-	-	537,050	-	-	537,050	-
Total Expenses	\$ 157,776	\$ 154,648	\$ 572,458	\$ 120,266	\$ 69,526	\$ 1,074,675	\$ 254,286

KANU - FM RADIO STATION AND AUDIO READERUniversity of Kansas
Lawrence, Kansas**COMBINED STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2020 and June 30, 2019

	2020		
	KANU - FM Radio Station	Audio Reader	2020 Combined
Cash Flows From Operating Activities			
Changes in net position	\$ (16,356)	\$ 76,619	\$ 60,263
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	51,612	6,877	58,489
Change in assets and liabilities			
Inventory	-	-	-
Accrued expenses	37,681	9,976	47,657
	<u>72,938</u>	<u>93,472</u>	<u>166,409</u>
Net cash provided (used) by operating activities			
	<u>72,938</u>	<u>93,472</u>	<u>166,409</u>
Cash Flows From Investing Activities			
(Increase)decrease in short-term investments	(111,404)	63,570	(47,834)
Purchase of property and equipment	(17,973)	-	(17,973)
	<u>(129,377)</u>	<u>63,570</u>	<u>(65,808)</u>
Net cash provided (used) by investing activities			
	<u>(129,377)</u>	<u>63,570</u>	<u>(65,808)</u>
Net Increase (Decrease) in Cash	(56,439)	157,042	100,602
Cash, Beginning of Year	923,929	764,138	1,688,068
	<u>923,929</u>	<u>764,138</u>	<u>1,688,068</u>
Cash, End of Year	<u>\$ 867,489</u>	<u>\$ 921,180</u>	<u>\$ 1,788,669</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 CASH FLOWS**

For the years ended June 30, 2020 and June 30, 2019

	2019		
	KANU - FM Radio Station	Audio Reader	2019 Combined
Cash Flows From Operating Activities			
Changes in net position	\$ 177,117	\$ 195,827	\$ 372,944
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	51,651	7,173	58,824
Change in assets and liabilities			
Inventory	7,100	700	7,800
Accrued expenses	(2,275)	(793)	(3,068)
Net cash provided (used) by operating activities	<u>233,593</u>	<u>202,907</u>	<u>436,500</u>
Cash Flows From Investing Activities			
(Increase)decrease in short-term investments	(9,700)	(9,244)	(18,944)
Purchase of property and equipment	(9,644)	(4,894)	(14,538)
Net cash provided (used) by investing activities	<u>(19,344)</u>	<u>(14,138)</u>	<u>(33,482)</u>
Net Increase (Decrease) in Cash	214,249	188,769	403,018
Cash, Beginning of Year	<u>709,680</u>	<u>575,371</u>	<u>1,285,051</u>
Cash, End of Year	<u>\$ 923,929</u>	<u>\$ 764,139</u>	<u>\$ 1,688,067</u>

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

KANU – FM RADIO STATION AND AUDIO READER

University of Kansas
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

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-RM 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. KANU-FM Radio Station and Audio Reader has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

KANU – FM RADIO STATION AND AUDIO READER
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash Equivalents

Cash equivalents are funds held by the University of Kansas Endowment Association specifically for KANU-RM Radio Station and Audio Reader. In addition, cash equivalents include remaining balances of budgets held by the University of Kansas for specific activities. These amounts are highly liquid, given the nature of the Organization.

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.

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.

KANU – FM RADIO STATION AND AUDIO READER
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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 \$6,732 for KANU-FM Radio Station and \$568,698 for Audio Reader for the year ended June 30, 2020, and \$9,515 for KANU-FM Radio Station and \$537,050 for Audio Reader for the year ended June 30, 2019.

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 Radio Station for the years ended June 30, 2020 and 2019, 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 \$852,186 for KANU-FM Radio Station and \$181,596 for Audio Reader for the year ended June 30, 2020, and \$847,871 for KANU-FM Radio Station and \$262,948 for Audio Reader for the year ended June 30, 2019.

KANU – FM RADIO STATION AND AUDIO READER
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

The Organization is supported primarily through individual pledges, program underwriting from businesses and community organizations and grants from the Corporation for Public Broadcasting and the State of Kansas. Individual pledges and underwriting support is recognized as revenue when received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. This method is deemed to be materially consistent with General Accepted Accounting Principles.

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 Radio Station is a Not for Profit Organization under Internal Revenue regulations. The organization's federal tax returns for the fiscal years ending 2020, 2019, and 2018 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 2020 or 2019 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 institutions. The Organization has not incurred any material credit related losses.

KANU – FM RADIO STATION AND AUDIO READER
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and fringe, broadcasting, KUEA, KU overhead, occupancy, and volunteer services.

NOTE 2 – Defined Benefit Pension Plan

The Organization participates in a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees. Eligible employees may contribute 5.5% of their gross salaries to the 403(b) Plan up to the maximum amount established by the IRS. Employer contributions are calculated at 8.5% of the employee's annual compensation. During the years ended June 30, 2020 and 2019, KANU-FM Radio Station made contributions to the Plan totaling \$90,125 and \$74,750, respectively. During the years ended June 30, 2020 and 2019, Audio Reader made contributions to the Plan totaling \$24,103 and \$23,638, respectively.

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

KANU – FM RADIO STATION AND AUDIO READER
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NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Property, Equipment and Depreciation

KANU-FM Radio Station’s major classes of capital assets and related accumulated depreciation for as of June 30, 2020 and 2019, respectively, are as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 9,687	\$ 9,687
Radio equipment	2,612,694	2,612,694
Vehicles	16,865	16,865
Office equipment	116,890	98,917
Structures	<u>1,155,128</u>	<u>1,155,128</u>
	3,911,264	3,893,291
Accumulated Depreciation	<u>(3,254,342)</u>	<u>(3,202,730)</u>
Total	<u>\$ 656,922</u>	<u>\$ 690,561</u>

KANU-FM Radio Station’s depreciation expense recorded for the years ended June 30, 2020 and 2019 was \$51,612 and \$51,651, respectively.

Audio Reader’s major classes of capital assets and related accumulated depreciation for as of June 30, 2020 and 2019, respectively, are as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 122,177	\$ 122,177
Radio equipment	1,064,088	1,064,088
Vehicles	38,257	38,257
Office equipment	37,918	37,918
Structures	<u>378,114</u>	<u>378,114</u>
	1,640,554	1,640,554
Accumulated Depreciation	<u>(1,537,390)</u>	<u>(1,530,513)</u>
Total	<u>\$ 103,164</u>	<u>\$ 110,041</u>

Audio Reader’s depreciation expense recorded for the years ended June 30, 2020 and 2019 was \$6,877 and \$7,173, respectively.

KANU – FM RADIO STATION AND AUDIO READER
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NOTES TO FINANCIAL STATEMENTS

NOTE 7 - Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following at June 30, 2020:

Financial assets at year end:

Cash equivalents (Note 1)	\$ 867,489
Investments	<u>862,593</u>

Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,730,082</u>
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NOTE 6 - Subsequent Events

Subsequent events for management's review have been evaluated through February 10, 2021. The date in the prior sentence is the date the financial statements were available to be issued.