

KANU-FM Radio Station and Audio Reader
University of Kansas
Lawrence Kansas

**Financial Statements and
Independent Auditor's Report**

June 30, 2021 and 2020



KANU-FM Radio Station and Audio Reader
University of Kansas
Lawrence Kansas

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Independent Auditor's Report**

June 30, 2021 and 2020

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Independent Auditor's Report

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 net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position 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 Corporation for Public Broadcasting principles of accounting and financial reporting for public telecommunications entities and 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 opinions 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 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 KANU-FM Radio Station and Audio Reader as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in conformity with Corporation for Public Broadcasting principles of accounting and financial reporting for public telecommunications entities and accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed, the financial statements present only KANU-FM Radio Station and Audio Reader, a department of the University of Kansas, and do not purport to, and do not present fairly the financial position of the University of Kansas, as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Year

The financial statements of KANU-FM Radio Station and Audio reader, a department of the University of Kansas, as of, and for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements dated February 10, 2021.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 18 through 21 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rejiv Carr & Monroe LLP

February 14, 2022
Wichita, Kansas

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Combined Statement of Net Position

June 30, 2021

Assets	2021		
	KANU - FM Radio Station	Audio Reader	Combined
Current assets			
Cash equivalents (Note A)	\$ 1,079,139	\$ 890,109	\$ 1,969,248
Investments	1,297,876	3,501,814	4,799,690
Prepaid expenses	7,673	-	7,673
Total current assets	<u>2,384,688</u>	<u>4,391,923</u>	<u>6,776,611</u>
Noncurrent assets			
Capital assets, net	615,580	96,716	712,296
Total assets	<u>\$ 3,000,268</u>	<u>\$ 4,488,639</u>	<u>\$ 7,488,907</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	\$ 33,432	\$ 8,217	\$ 41,649
Total current liabilities	<u>33,432</u>	<u>8,217</u>	<u>41,649</u>
Net position			
Investment in capital assets	615,580	96,716	712,296
Unrestricted	1,951,605	4,383,706	6,335,311
Restricted - expendable	399,651	-	399,651
Total net position	<u>2,966,836</u>	<u>4,480,422</u>	<u>7,447,258</u>
Total liabilities and net position	<u>\$ 3,000,268</u>	<u>\$ 4,488,639</u>	<u>\$ 7,488,907</u>

The accompanying notes are an integral part of these financial statements.

KANU-FM Radio Station and Audio Reader
 University of Kansas
 Lawrence, Kansas
 Combined Statement of Net Position
 June 30, 2020

Assets	2020		
	KANU - FM Radio Station	Audio Reader	Combined
Current assets			
Cash equivalents (Note A)	\$ 867,489	\$ 921,180	\$ 1,788,669
Investments	862,593	1,136,099	\$ 1,998,692
Total current assets	1,730,082	2,057,279	3,787,361
Noncurrent assets			
Capital assets, net	656,922	103,164	760,086
Total assets	\$ 2,387,004	\$ 2,160,443	\$ 4,547,447
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	\$ 99,430	\$ 21,625	\$ 121,055
Total current liabilities	99,430	21,625	121,055
Net position			
Investment in capital assets	656,922	103,164	760,086
Unrestricted	1,452,206	2,035,654	3,487,860
Restricted - expendable	178,446	-	178,446
Total net position	2,287,574	2,138,818	4,426,392
Total liabilities and net position	\$ 2,387,004	\$ 2,160,443	\$ 4,547,447

The accompanying notes are an integral part of these financial statements.

KANU-FM Radio Station and Audio Reader
University of Kansas
Lawrence, Kansas
Combined Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	2021		
	KANU - FM		
	Radio Station	Audio Reader	Combined
Operating revenues			
Contributions	\$ 1,133,457	\$ 249,039	\$ 1,382,496
Capital Funding Campaign	186,082	-	186,082
Classical Music Campaign	69,296	-	69,296
Underwriting	195,845	-	195,845
CPB grants funding	426,369	-	426,369
Grant funding	27,449	-	27,449
Other Income	8,039	26,650	34,689
KPR bequests	4,991	1,895,929	1,900,920
Volunteer services	-	305,352	305,352
Tower rental	20,303	-	20,303
Total operating revenues	<u>2,071,831</u>	<u>2,476,970</u>	<u>4,548,801</u>
Expenses			
Program services	2,135,940	705,463	2,841,403
Management and general	685,877	236,285	922,162
Development / fundraising	413,574	87,206	500,780
Total expenses	<u>3,235,391</u>	<u>1,028,954</u>	<u>4,264,345</u>
Operating (loss) income	(1,163,560)	1,448,016	284,456
Nonoperating revenues			
University of Kansas appropriations	313,230	169,000	482,230
University of Kansas in-kind contributions			
Broadcasting	89,250	-	89,250
Occupancy	36,919	-	36,919
Indirect administrative support			
KUEA	672,914	107,711	780,625
University of Kansas	333,959	85,079	419,038
Interest income and unrealized gains	396,550	531,798	928,348
Total nonoperating revenues	<u>1,842,822</u>	<u>893,588</u>	<u>2,736,410</u>
Increase in Net Position	679,262	2,341,604	3,020,866
Net position at beginning of year	<u>2,287,574</u>	<u>2,138,818</u>	<u>4,426,392</u>
Net position at end of year	<u>\$ 2,966,836</u>	<u>\$ 4,480,422</u>	<u>\$ 7,447,258</u>

The accompanying notes are an integral part of these financial statements.

KANU-FM Radio Station and Audio Reader
 University of Kansas
 Lawrence, Kansas
 Combined Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended June 30, 2020

	2020		
	KANU - FM		
	Radio Station	Audio Reader	Combined
Operating revenues			
Contributions	\$ 958,723	\$ 306,188	\$ 1,264,911
Capital Funding Campaign	178,446	-	178,446
Underwriting	265,404	1,700	267,104
CPB grants funding	311,389	-	311,389
Grant funding	21,484	-	21,484
Other Income	16,701	50,702	67,403
KPR bequests	40,733	-	40,733
Volunteer services	6,732	568,698	575,430
Production work	1,378	-	1,378
Tower rental	18,346	-	18,346
Total operating revenues	<u>1,819,336</u>	<u>927,288</u>	<u>2,746,624</u>
Expenses			
Program services	2,072,794	919,607	2,992,401
Management and general	578,631	216,012	794,643
Development / fundraising	511,299	140,207	651,506
Total expenses	<u>3,162,724</u>	<u>1,275,826</u>	<u>4,438,550</u>
Operating loss	(1,343,388)	(348,538)	(1,691,926)
Nonoperating revenues			
University of Kansas appropriations	314,343	189,040	503,383
University of Kansas In-kind contributions			
Broadcasting	89,250	-	89,250
Occupancy	36,919	-	36,919
Indirect administrative support			
KUEA	545,938	106,143	652,081
University of Kansas	306,247	75,453	381,700
Interest income and unrealized gains	34,335	54,521	88,856
Total nonoperating revenues	<u>1,327,032</u>	<u>425,157</u>	<u>1,752,189</u>
Increase (Decrease) in Net Position	(16,356)	76,619	60,263
Net position at beginning of year	<u>2,303,930</u>	<u>2,062,199</u>	<u>4,366,129</u>
Net position at end of year	<u>\$ 2,287,574</u>	<u>\$ 2,138,818</u>	<u>\$ 4,426,392</u>

The accompanying notes are an integral part of these financial statements.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Combined Statement of Cash Flows

For the Year Ended June 30, 2021

	2021		
	<u>KANU - FM Radio Station</u>	<u>Audio Reader</u>	<u>Combined</u>
Cash flows from operating activities			
Changes in net position	\$ 679,262	\$ 2,341,604	\$ 3,020,866
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	50,989	6,448	57,437
Change in assets and liabilities			
Prepaid expenses	(7,673)	-	(7,673)
Accounts payable and accrued liabilities	<u>(65,998)</u>	<u>(13,408)</u>	<u>(79,406)</u>
Net cash provided by operating activities	<u>656,580</u>	<u>2,334,644</u>	<u>2,991,224</u>
Cash flows from investing activities			
(Increase) decrease in short-term investments	(435,283)	(2,365,715)	(2,800,998)
Purchase of property and equipment	<u>(9,647)</u>	<u>-</u>	<u>(9,647)</u>
Net cash (used) by investing activities	<u>(444,930)</u>	<u>(2,365,715)</u>	<u>(2,810,645)</u>
Net increase (decrease) in cash	211,650	(31,071)	180,579
Cash and cash equivalents at beginning of year	<u>867,489</u>	<u>921,180</u>	<u>1,788,669</u>
Cash and cash equivalents at end of year	<u>\$ 1,079,139</u>	<u>\$ 890,109</u>	<u>\$ 1,969,248</u>

The accompanying notes are an integral part of these financial statements.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Combined Statement of Cash Flows

For the Year Ended June 30, 2020

	2020		
	<u>KANU - FM Radio Station</u>	<u>Audio Reader</u>	<u>Combined</u>
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			
Accrued expenses	<u>37,681</u>	<u>9,976</u>	<u>47,657</u>
Net cash provided by operating activities	<u>72,937</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	<u>(17,973)</u>	<u>-</u>	<u>(17,973)</u>
Net cash provided (used) by investing activities	<u>(129,377)</u>	<u>63,570</u>	<u>(65,807)</u>
Net increase (decrease) in cash	(56,440)	157,042	100,602
Cash and cash equivalents at beginning of year	<u>923,929</u>	<u>764,138</u>	<u>1,688,067</u>
Cash and cash equivalents at end of year	<u>\$ 867,489</u>	<u>\$ 921,180</u>	<u>\$ 1,788,669</u>

The accompanying notes are an integral part of these financial statements.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE A - Summary of Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Reporting entity

In 1952, the University of Kansas was granted the operating license for KANU-FM Radio Station (KANU), a listener-supported public radio station. Audio Reader (AR) 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 (the Organization), two closely related University functions under the control of one director. All material transactions between the entities have been eliminated in these combined statements.

KANU is operated by the University of Kansas (the University), with AR, a subcarrier channel broadcasting to visually impaired listeners. The University is a component unit of the State of Kansas, is governed by the Kansas Board of Regents, and is included in the State's financial statements as part of the university system component unit.

KANU operates as one of many departments within the University. Corporation for Public Broadcasting (CPB) grantees are required to prepare financial statements that discretely display the financial position and activities of the public broadcasting entity, not those of a parent institution or governmental unit, and independent auditors must audit and opine on those separately issued statements. This requirement applies to all public broadcasting entities, regardless of whether other accounting standards require the parent institution or governmental unit to include the public broadcasting entity in its separately issued, institution-wide or government-wide financial statements. KANU is managed and controlled by the University of Kansas. All land and structures pertinent to the operation of the station are owned by the State of Kansas and have not been reflected as assets in the accompanying statements, except for facility improvements specific to station operations.

Measurement focus and basis of accounting

The Organization prepares its financial statements as a business-type activity in conformity with applicable pronouncements of Governmental Accounting Standards Board (GASB). Accordingly, the Organization's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

KANU-FM Radio Station and Audio Reader
University of Kansas
Lawrence, Kansas
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE A - Summary of Accounting Policies - Continued

Use of estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash equivalents are funds held by the University of Kansas Endowment Association (KUEA) specifically for KANU-FM 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.

Capital assets

Capital assets with a value equal or greater than \$5,000 are recorded at cost at the date of acquisition. 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.

Net position

Net position of KANU is classified in the following components:

- Investment in capital assets consists of equipment net of accumulated depreciation and reduced by related debt, if any.
- Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE A - Summary of Accounting Policies - Continued

Net position - continued

- Restricted – nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The Organization did not have any restricted - nonexpendable net position at June 30, 2021 and 2020.
- Restricted – expendable net position includes resources for which the Organization is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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 \$0 for KANU and \$305,352 for AR for the year ended June 30, 2021, and \$6,732 for KANU-FM Radio Station and \$568,698 for Audio Reader for the year ended June 30, 2020.

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 for the years ended June 30, 2021 and 2020, respectively.

Indirect Administrative Support

Administrative support from the University consists of allocated institutional and academic support and allocated physical plant operations incurred by the University which benefits KANU and AR. Donated professional services are valued at their fair market values at the time of donation. This totaled \$1,006,874 for KANU and \$192,791 for AR for the year ended June 30, 2021, and \$852,185 for KANU and \$181,596 for AR for the year ended June 30, 2020.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE A - Summary of Accounting Policies - Continued

Operating revenues and expenses

The Organization's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from transactions associated with the management, scheduling, and broadcasting of radio programs, the station's principal activity. The University's support is reported as nonoperating revenues. Operating expenses are all expenses incurred in the management, scheduling, and broadcasting of radio programs.

Major gifts and bequests

CPB defines major gifts and bequests as any individual donor, including estates and trusts, who contributes an amount, in aggregate, equal to or greater than \$1,000 in the reporting year. The Organization had 149 and 133 major individual donors for the years ended June 30, 2021 and 2020, respectively.

Grant revenue recognition

Receipts from CPB community service grants and KPBC (Kansas Public Broadcasting Council) operating grants, which are generally for unrestricted purposes, are recognized as revenue when received. Receipts from all other grants are recognized as revenue when the restricted reimbursable expenditures are incurred. Grants authorized but not received are reported as a receivable if the revenue recognition criterion has been met.

Compensated Absences

The Organization's employees are granted vacation and sick leave benefits in varying amounts depending on employment status. In the event of termination, an employee is reimbursed for accumulated vacation time at the most recent rate of pay. Accumulated sick leave is only paid out if an employee is eligible for retirement and has accrued a minimum amount of sick leave. The University of Kansas retains dollar amounts for employees' leave with each pay period as par to the regular payroll process. Funds are retained in a central account, held at the University. When employees' vacation leave is paid upon termination, the funds come from the central account administered by the University.

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.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE A - Summary of Accounting Policies - Continued

New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No.87, Leases, that will supersede the current lease requirements. The Statement requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as financing. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Station's year ending June 30, 2022, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

Change in Accounting Principles

The Organization was determined to be a governmental entity and subject to the applicable pronouncements of the Governmental Accounting Standards Board (GASB) instead of the Financial Accounting Standards Board (FASB) as previously presented. There was no change to net position as previously reported due to the change in accounting principles.

NOTE B - Ownership, Control, and Management

The Organization is managed and controlled by the University. All land and structures pertinent to the operation of the station are owned by the State of Kansas and have not been reflected as assets in the accompanying statements, except for facility improvements specific to station operations.

NOTE C - Deposits and Investments

Deposits

Cash and cash equivalents included balances on deposit with the University and KUEA, as follows as of June 30, 2021 and 2020:

	2021			2020		
	KANU - FM Radio Station	Audio Reader	2021 Combined	KANU - FM Radio Station	Audio Reader	2020 Combined
University	\$ 404,852	\$ 125,798	\$ 530,650	\$ 262,954	\$ 97,249	\$ 360,204
KUEA	674,287	764,311	1,438,598	604,535	823,930	1,428,465
Total	<u>\$ 1,079,139</u>	<u>\$ 890,109</u>	<u>\$ 1,969,248</u>	<u>\$ 867,489</u>	<u>\$ 921,180</u>	<u>\$ 1,788,669</u>

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE C - Deposits and Investments - Continued

Investments

The Organization may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. The Organization's investments have been included in a pooled investment account owned and managed by KUEA.

At June 30, the Organization had the following investments:

	2021			2020		
	KANU - FM Radio Station	Audio Reader	2021 Combined	KANU - FM Radio Station	Audio Reader	2020 Combined
Pooled investments managed by KUEA)	<u>\$ 1,297,875</u>	<u>\$ 3,501,814</u>	<u>\$4,799,689</u>	<u>\$ 862,593</u>	<u>\$ 1,136,099</u>	<u>\$ 1,998,692</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation investment policy followed by the KANU includes ongoing assessment of the composition of fixed income investments to total investments.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Organization requires investments to be maintained in accordance with KUEA investment policy.

Concentration of credit risk – The Organization's investment policy places no limits on the amounts that may be invested in any one issuer.

Custodial Credit Risk – For deposits, custodial credit risk for deposits is the risk that, in the event of a bank failure, the Organization's deposits may not be returned to it. To minimize custodial risk, the Organization considers the financial strength of its depository relationships. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Pooled investments managed by the KUEA are held by the investments' counterparty, not in the name of the Organization.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE D – Economic Dependency

As disclosed in Note A, the Organization is operated by the University from which the station receives substantial financial support. The Organization also receives substantial financial support from its members and contributions. Should a significant reduction in support from either source occur, the Organization's operations would be adversely effected.

NOTE E – Risk Management

The Organization is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The University, as a state educational institution of Kansas, is subject to the State of Kansas self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and the Board of Regents building, contents and business interruption insurance policy. The State of Kansas does not insure state-owned automobiles for bodily injury and property damages. Also, as a state educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance.

NOTE F – Service Organization

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

NOTE G – Capital Assets

KANU-FM Radio Station's major classes of capital assets and related accumulated depreciation as of June 30, 2021 and 2020, respectively, are as follows:

	June 30, 2019	Additions	Deletions	June 30, 2020	Additions	Deletions	June 30, 2021
Leasehold imp.	\$ 9,687	\$ -	\$ -	\$ 9,687	\$ -	\$ -	\$ 9,687
Radio equipment	2,612,694	-	-	2,612,694	-	-	2,612,694
Vehicles	16,865	-	-	16,865	-	-	16,865
Office equipment	116,890	-	-	116,890	9,647	-	126,537
Structures	1,155,128	-	-	1,155,128	-	-	1,155,128
Total assets	3,911,264	-	-	3,911,264	9,647	-	3,920,911
Accumulated deprec.	(3,202,730)	(51,612)	-	(3,254,342)	(50,989)	-	(3,305,331)
Total	<u>\$ 708,534</u>	<u>\$(51,612)</u>	<u>\$ -</u>	<u>\$ 656,922</u>	<u>\$(41,342)</u>	<u>\$ -</u>	<u>\$ 615,580</u>

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE G – Capital Assets

Audio Reader's major classes of capital assets and related accumulated depreciation for as of June 30, 2021 and 2020, respectively, are as follows:

	June 30, 2019	Additions	Deletions	June 30, 2020	Additions	Deletions	June 30, 2021
Leasehold imp.	\$ 122,177	\$ -	\$ -	\$ 122,177	\$ -	\$ -	\$ 122,177
Radio equipment	1,064,088	-	-	1,064,088	-	-	1,064,088
Vehicles	38,257	-	-	38,257	-	-	38,257
Office equipment	37,918	-	-	37,918	-	-	37,918
Structures	378,114	-	-	378,114	-	-	378,114
Total assets	1,640,554	-	-	1,640,554	-	-	1,640,554
Accumulated deprec.	(1,530,513)	(6,877)	-	(1,537,390)	(6,448)	-	(1,543,838)
Total	<u>\$ 110,041</u>	<u>\$ (6,877)</u>	<u>\$ -</u>	<u>\$ 103,164</u>	<u>\$ (6,448)</u>	<u>\$ -</u>	<u>\$ 96,716</u>

NOTE H – Compensated Absences

As of June 30, 2021, compensated absences consisted of the following:

	June 30, 2019	Additions	Retirements	June 30, 2020	Additions	Retirements	June 30, 2021
KANU	\$ 9,974	\$ 14,369	\$ (11,049)	\$ 13,294	\$ 8,288	\$ (10,986)	\$ 10,597
AR	2,075	4,689	(2,701)	4,064	6,027	(6,230)	3,861
Total	<u>\$ 12,050</u>	<u>\$ 19,058</u>	<u>\$ (13,749)</u>	<u>\$ 17,358</u>	<u>\$ 14,315</u>	<u>\$ (17,216)</u>	<u>\$ 14,457</u>

NOTE I – 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, 2021 and 2020, KANU-FM Radio Station made contributions to the Plan totaling \$88,100 and \$90,125, respectively. During the years ended June 30, 2021 and 2020, Audio Reader made contributions to the Plan totaling \$26,088 and \$24,103, respectively.

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Notes to the Financial Statements

For the Years Ended June 30, 2021 and 2020

NOTE J - Related Party Transactions

The University provided indirect administrative support, as referenced in Note A, appropriations, and other in-kind contributions in support of station operations. For the years ended June 30, 2021 and 2020, total appropriations and support was \$773,358 and \$746,759, respectively, for KANU-FM Radio. For the years ended June 30, 2021 and 2020, total appropriations and support was \$254,079 and \$264,493, respectively, for the Audio Reader.

NOTE K – Subsequent Events

Management of KANU has evaluated subsequent events through February 14, 2022, the date the financial statements were available to be issued.

Other Supplementary Information

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Schedule of Functional Expenses

For the Year Ended June 30, 2021

KANU-FM Radio Station

	Program Expenses				Management and general	Development/ Fundraising	Total
	Engineering	Programming	News	Total Program			
Administrative	\$ -	\$ -	\$ -	\$ -	\$ 2,069	\$ -	\$ 2,069
Advertising	-	-	-	-	-	2,450	2,450
Advisory board	-	-	-	-	2,800	-	2,800
Automotive	1,810	-	-	1,810	1,444	-	3,254
Computer support	-	1,199	-	1,199	-	-	1,199
Contingency fund	-	-	-	-	478	105	583
Contracted work	10,747	-	2,061	12,808	10,456	-	23,264
Depreciation	-	-	-	-	50,989	-	50,989
Equipment repair	2,034	-	-	2,034	-	256	2,290
Fundraising	-	-	-	-	-	22,333	22,333
Insurance	-	-	-	-	7,155	-	7,155
KSUN - Allocations	-	-	-	-	-	1,934	1,934
Live production	-	18	-	18	-	-	18
Memberships/ subscriptions	-	12,300	9,369	21,669	2,683	495	24,847
Office supplies	-	121	419	540	787	49	1,376
Online store	-	-	-	-	-	1,862	1,862
Outreach	-	-	-	-	857	4,407	5,264
Postage	25	60	4	89	2,046	11,072	13,207
Printing	-	-	-	-	1,901	15,311	17,212
Professional development	-	-	-	-	-	1,074	1,074
Programming	-	390,487	-	390,487	-	-	390,487
Salaries and fringe	64,510	819,158	36,147	919,815	327,068	162,942	1,409,825
Sales tax payment	-	-	-	-	-	14	14
Supplies and parts	10,024	-	290	10,314	129	-	10,443
Telecommunications	3,988	-	4,927	8,915	7,603	2,975	19,493
Translator expense	-	-	-	-	74,854	-	74,854
Travel	-	-	561	561	50	975	1,586
Underwriting	-	-	-	-	-	10,465	10,465
Broadcasting	7,144	50,052	2,413	59,609	15,064	14,577	89,250
KUEA	26,917	403,748	26,917	457,582	114,395	100,937	672,914
KU Overhead	26,717	187,017	10,019	223,753	56,773	53,434	333,960
Occupancy	2,954	20,675	1,108	24,737	6,276	5,907	36,920
Total	\$ 156,870	\$ 1,884,835	\$ 94,235	\$ 2,135,940	\$ 685,877	\$ 413,574	\$ 3,235,391

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Schedule of Functional Expenses

For the Year Ended June 30, 2021

Audio Reader

	Program Expenses					Management and general	Development/ Fundraising	Total
	Engineering	Volunteer	Programming	Outreach	Total Program			
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 70
Automotive	-	-	-	854	854	-	-	854
Books	-	-	4,033	-	4,033	-	-	4,033
Computer support	36	-	550	-	586	-	-	586
Contingency fund	-	-	-	-	-	186	-	186
Contracted work	16,988	-	-	-	16,988	2,500	-	19,488
Depreciation	-	-	-	-	-	6,448	-	6,448
Fundraising	-	-	-	-	-	-	6,137	6,137
Insurance	-	-	-	-	-	8,893	-	8,893
Licenses/Software	-	-	-	-	-	-	1,500	1,500
Memberships/ subscriptions	-	-	-	100	100	386	500	986
Office supplies	-	-	118	-	118	1,220	75	1,413
Outreach	-	-	-	695	695	-	722	1,417
Overhead assessment	-	-	-	-	-	2,122	-	2,122
Postage	100	103	-	129	332	1,732	594	2,658
Printing	-	-	6,755	700	7,455	1,609	-	9,064
Recruitment	-	-	-	-	-	1,440	-	1,440
Salaries and fringe	148,722	935	73,419	16,160	239,236	148,101	52,398	439,735
Sales tax payment	-	-	-	-	-	-	998	998
Supplies and parts	12,951	86	1,282	16	14,335	-	-	14,335
Telecommunications	-	-	1,951	-	1,951	3,413	-	5,364
Travel	-	-	158	774	932	-	-	932
KUEA	39,853	18,311	1,077	4,308	63,549	30,159	14,002	107,710
KU Overhead	28,927	851	14,464	2,552	46,794	28,076	10,210	85,080
Volunteer recognition	-	2,153	-	-	2,153	-	-	2,153
Volunteer services	-	305,352	-	-	305,352	-	-	305,352
Total	\$ 247,577	\$ 327,791	\$ 103,807	\$ 26,288	\$ 705,463	\$ 236,285	\$ 87,206	\$ 1,028,954

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Schedule of Functional Expenses

For the Year Ended June 30, 2020

KANU-FM Radio Station

	Program Expenses				Management and general	Development/ Fundraising	Total
	Engineering	Programming	News	Total Program			
Administrative	\$ -	\$ -	\$ -	\$ -	\$ 2,616	\$ -	\$ 2,616
Advertising	-	-	-	-	-	5,079	5,079
Advisory board	-	-	-	-	2,800	873	3,673
Automotive	2,680	-	-	2,680	1,465	-	4,145
Computer support	-	1,099	-	1,099	-	22,263	23,362
Contingency fund	-	-	-	-	4,065	32	4,097
Contracted work	8,356	-	5,566	13,922	9,718	-	23,640
Depreciation	-	-	-	-	51,612	-	51,612
Equipment repair	12,586	-	-	12,586	-	-	12,586
Facility	-	-	-	-	3,380	-	3,380
Fundraising	-	-	-	-	-	26,896	26,896
Insurance	-	-	-	-	5,991	-	5,991
KSUN - Allocations	-	-	-	-	-	7,424	7,424
Live production	-	10,341	-	10,341	-	-	10,341
Memberships/ subscriptions	-	14,521	6,206	20,727	1,410	495	22,632
Office supplies	-	103	325	428	896	405	1,729
Outreach	-	395	405	800	71	11,286	12,157
Postage	181	163	36	380	1,466	9,086	10,932
Printing	-	-	105	105	2,005	17,956	20,066
Professional development	-	-	-	-	-	355	355
Programming	-	386,517	-	386,517	-	-	386,517
Recruitment	-	67	-	67	14	4	85
Salaries and fringe	112,621	789,043	38,024	939,688	237,481	229,801	1,406,970
Sales tax payment	-	-	-	-	-	111	111
Staff meetings	-	-	-	-	739	-	739
Supplies and parts	13,298	127	2,098	15,523	489	-	16,012
Telecommunications	3,921	-	4,575	8,496	6,777	2,800	18,073
Translator expense	-	-	-	-	77,239	-	77,239
Travel	-	-	602	602	3,261	1,795	5,658
Underwriting	-	-	-	-	-	13,520	13,520
Broadcasting	7,144	50,052	2,412	59,608	15,064	14,577	89,249
KUEA	43,700	306,168	14,754	364,622	92,149	89,168	545,939
KU Overhead	24,514	171,746	8,276	204,536	51,691	50,020	306,247
Occupancy	2,955	20,705	998	24,658	6,232	6,030	36,920
Volunteer services	648	4,542	219	5,409	-	1,323	6,732
Total	\$ 232,604	\$ 1,755,589	\$ 84,601	\$ 2,072,794	\$ 578,631	\$ 511,299	\$ 3,162,724

KANU-FM Radio Station and Audio Reader

University of Kansas

Lawrence, Kansas

Schedule of Functional Expenses

For the Year Ended June 30, 2020

Audio Reader

	Program Expenses					Management and general	Development/ Fundraising	Total
	Engineering	Volunteer	Programming	Outreach	Total Program			
Automotive	\$ -	\$ -	\$ -	\$ 1,709	\$ 1,709	\$ -	\$ -	\$ 1,709
Books	-	-	5,000	-	5,000	-	-	5,000
Computer support	-	-	474	-	474	-	-	474
Contingency fund	-	171	33	143	347	30	-	377
Contracted work	17,302	-	-	-	17,302	2,213	-	19,515
Depreciation	-	-	-	-	-	6,877	-	6,877
Facility	-	-	-	-	-	3,280	-	3,280
Fundraising	-	-	-	-	-	-	6,353	6,353
Insurance	-	-	-	-	-	7,907	-	7,907
Licenses/Software	-	-	-	-	-	-	1,500	1,500
Memberships/ subscriptions	-	-	120	646	766	1,030	1,152	2,948
Office supplies	-	-	979	1	980	540	30	1,550
Outreach	-	-	-	1,467	1,467	-	-	1,467
Overhead assessment	-	-	-	-	-	2,002	-	2,002
Postage	15	67	-	169	251	1,314	1,737	3,302
Printing	-	648	5,372	1,595	7,615	2,300	340	10,255
Recruitment	-	-	14	-	14	6,897	-	6,911
Salaries and fringe	86,621	19,833	67,363	38,943	212,760	123,444	88,374	424,578
Sales tax payment	-	-	-	-	-	-	2,835	2,835
Supplies and parts	121	1,670	1,826	-	3,617	-	-	3,617
Telecommunications	-	-	1,935	-	1,935	4,875	-	6,810
Travel	-	727	43	2,238	3,008	505	88	3,601
KUEA	21,655	4,958	16,841	9,736	53,190	30,860	22,093	106,143
KU Overhead	15,394	3,525	11,971	6,921	37,811	21,938	15,705	75,454
Volunteer recognition	-	2,666	-	-	2,666	-	-	2,666
Volunteer services	-	568,695	-	-	568,695	-	-	568,695
Total	\$ 141,108	\$ 602,960	\$ 111,971	\$ 63,568	\$ 919,607	\$ 216,012	\$ 140,207	\$ 1,275,826

EL DORADO	115 S. MAIN ST., STE 103	EL DORADO, KS 67042-3403	316-321-1150
McALESTER	517 E. CHEROKEE AVE.	McALESTER, OK 74501-5335	918-426-1234
TUCSON	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711 -3648	520-624-8229
TULSA	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-271-5400
WAGONER	509 S. MCQUARRIE AVE.	WAGONER, OK 74467-6223	918-485-5531
WICHITA	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2994	316-264-2335