

KISU-FM

**A Public Telecommunications Entity Operated by
The State Board of Education – Idaho University System**



Report of Independent Auditor's
and Financial Statements
June 30, 2023 and 2022

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KISU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE STATE BOARD OF EDUCATION—IDAHO UNIVERSITY SYSTEM

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INDEPENDENT AUDITOR'S REPORT

To Management
KISU-FM

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of KISU-FM, a fund of Idaho State University as of and for the year ended June 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise KISU-FM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KISU-FM as of June 30, 2023, and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the KISU-FM and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KISU-FM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 KISU-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the KISU-FM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplemental information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, on our consideration of KISU-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KISU-FM's internal control over financial reporting and compliance.



Pocatello, ID
January 11, 2024

KISU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Management's Discussion and Analysis ("MD&A") presents an overview of the financial performance of the Idaho State Public Radio System (the "Station") based on currently known facts, decisions and conditions, and is designed to assist readers in the understanding of the accompanying financial statements. The MD&A discusses financial performance during the current year in comparison to the prior year with emphasis on the current year.

Overview of the Financial Statements and Financial Analysis

The financial statements for the fiscal years ended June 30, 2023 and 2022 are prepared in accordance with Governmental Accounting Standard Board ("GASB") principles. There are three financial statements presented: the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

Statement of Net Position

The statement of net position presents the assets, liabilities, and net position of the Station as of the current fiscal year-end in comparative format with the prior fiscal year-end. The purpose of the statement of net position is to present to the readers of the financial statements a point-in-time fiscal snapshot of the Station. The statement of net position presents year-end data concerning assets (current and noncurrent), liabilities (current and noncurrent) and net position (assets minus liabilities). The difference between current and noncurrent classification is discussed in the footnotes to the financial statements.

Financial Statement Presentation

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the Station. They also are able to determine how much the Station owes vendors, investors and lending institutions. Finally, the statement of net position provides a picture of the net position (assets minus liabilities) and its availability for expenditure by the Station.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the System's equity in capital assets. The second category is restrictions by external parties or enabling legislation. The third and final category is unrestricted net position. Unrestricted net position is available to the Station for any lawful purpose of the Station.

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Summary Statement of Net Position
As Of June 30, 2023 and 2022

	2023	Restated 2022
ASSETS:		
Current assets	\$ 605,377	\$ 583,107
Capital assets, net	8,173	10,529
Other long-term assets	15,390	243,018
Total assets	822,552	836,654
LIABILITIES:		
Current liabilities	87,230	81,830
Noncurrent liabilities	208,349	238,314
Total liabilities	295,579	320,144
NET POSITION:		
Net investment in capital assets	8,173	10,529
Restricted net position	196,763	196,763
Unrestricted net position	322,037	309,218
Total net position	\$ 526,973	\$ 516,510

The Station's total assets were flat during fiscal year 2023, with a slight decrease from \$836,654 to \$822,552.

Liabilities decreased from \$320,144 to \$295,579 during fiscal year 2023. The decrease is due to the implementation of GASB 87 in fiscal 22 and the decrease in the associated lease liability from fiscal 22 to fiscal 23.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses and changes in net position. The purpose of the statement is to present the revenues earned by the Station, both operating and nonoperating, and the expenses incurred by the Station, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the Station.

Generally speaking, operating revenues are earned by providing services to the various customers and constituencies of the Station. Operating expenses are incurred to acquire or produce the services provided in return for operating revenues and to carry out the functions of the Station. Nonoperating revenues are revenues received for which services are not provided.

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Summary Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	Restated 2022
Operating revenues	\$ 531,276	\$ 580,984
Operating expenses	520,813	501,285
Operating revenue	10,463	79,699
Increase/(Decrease) in net position	10,463	79,699
Net position, Beginning of year	516,510	436,811
Net position, End of year	\$ 526,973	\$ 516,510

Operating revenues decreased \$49,708 due primarily to the timing of the application of CPB funds.

Operating expenses increased \$19,528 due primarily to the increase in IAS calculation from ISU.

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Statement of Cash Flows

The final statement presented by the Station is the statement of cash flows. This statement presents detailed information about the cash activity of the Station during the year.

Summary Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
Cash provided (used) by:		
Operating activities	\$ 31,268	\$ 18,565
Capital financing activities	-	-
Net increase in cash	31,268	18,565
Cash, Beginning of year	563,364	544,799
Cash, End of year	<u>\$ 594,632</u>	<u>\$ 563,364</u>

Cash increased from 2023 to 2022 due to positive operations for the fiscal year.

Economic Outlook

Revenue streams to KISU FM radio are from three major sources, with about 19-percent coming from ASISU student fee funding, underwriting from both profits and non-profits, along with “member” or listener donations accounting for about 42-percent, 14-percent coming from indirect administrative support from Idaho State University, and Community Service Grant funding from the Corporation for Public Broadcasting providing the rest. As always, there were some unanticipated costs for some capital improvements and repairs, but KISU spending remained within budget parameters.

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STATEMENT OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>Restated 2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 594,632	\$563,364
Accounts receivable	12,018	20,302
Allowance for doubtful accounts	(2,677)	(2,911)
Pledges receivable	1,404	2,352
Total current assets	<u>605,377</u>	<u>583,107</u>
NONCURRENT ASSETS:		
Capital assets, net	8,173	10,529
Lease asset, net	193,612	223,802
Other long-term assets	15,390	19,216
Total noncurrent assets	<u>217,175</u>	<u>253,547</u>
TOTAL ASSETS	<u>822,552</u>	<u>836,654</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	1,877	777
Wages payable	12,741	11,335
Accrued compensated absences	9,632	7,594
Unearned revenue	34,630	31,942
Lease liability - current portion	28,100	29,910
Accrued interest payable	250	272
Total current liabilities	<u>87,230</u>	<u>81,830</u>
NONCURRENT LIABILITIES:		
Lease liability	178,447	203,548
Other post-employment benefits	29,902	34,766
Total noncurrent liabilities	<u>208,349</u>	<u>238,314</u>
TOTAL LIABILITIES	<u>295,579</u>	<u>320,144</u>
NET POSITION:		
Net investment in capital assets	8,173	10,529
Restricted net position	196,763	196,763
Unrestricted net position	322,037	309,218
TOTAL NET POSITION	<u>\$ 526,973</u>	<u>\$516,510</u>

The Notes to the Financial Statements are an integral part of this Statement

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	Restated 2022
OPERATING REVENUES		
Contributions	\$ 154,286	\$ 156,222
Grants from CPB	128,305	185,796
State grants	-	-
Donations	59,555	63,922
<i>Support from Idaho State Education System</i>		
Indirect administrative support from ISU	91,910	73,244
Associated Students of Idaho State University	97,220	101,800
Total operating revenues	531,276	580,984
OPERATING EXPENSES		
Programming and production	112,652	111,369
Broadcasting and engineering	37,292	30,092
Program information and promotion	4,033	17,416
Management and general	284,987	248,365
Fundraising and membership development	4,327	1,295
Underwriting and grant solicitation	44,976	60,202
Depreciation and amortization	32,546	32,546
Total operating expenses	520,813	501,285
OPERATING INCOME (LOSS)	10,463	79,699
CHANGE IN NET POSITION	10,463	79,699
NET POSITION, Beginning of year	516,510	436,811
NET POSITION, End of year	\$ 526,973	\$ 516,510

The Notes to the Financial Statements are an integral part of this Statement

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STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

	2023	Restated 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
ASISU support	\$ 97,220	\$101,800
Community service grants	130,993	128,319
Grants and Contracts - State	-	-
Other operating revenues (contributions)	163,284	148,891
Donations	59,555	63,922
Payments to suppliers for goods and services	(196,505)	(200,511)
Payments to employees for services	(223,279)	(223,856)
Net cash provided (used) by operating activities	31,268	18,565
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of capital assets	-	-
Net cash provided by capital financing activities	-	-
NET INCREASE (DECREASE) IN CASH	31,268	18,565
CASH, BEGINNING OF THE YEAR	563,364	544,799
CASH, END OF THE YEAR	\$ 594,632	\$563,364
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income/(loss)	\$ 10,463	\$ 79,699
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	2,356	2,356
CHANGES IN ASSETS AND LIABILITIES:		
Accounts receivable, net	8,050	(6,523)
Pledges receivable	948	(808)
Other long-term assets	34,017	26,160
Accounts payable	1,100	669
Wages payable	1,406	1,647
Compensated absences	2,038	(3,150)
Unearned revenue	2,688	(57,477)
Accrued interest payable	(22)	(22)
Lease liability	(26,912)	(25,760)
Other post-employment benefits	(4,864)	1,774
Net cash flows provided by operating activities	\$ 31,268	\$ 18,565

The Notes to the Financial Statements are an integral part of this Statement

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. **Organization.** KISU-FM (the Station) is operated by the Idaho University System, which is controlled by the Idaho State Board of Education. The Station is a not-for-profit public radio station operating from the campus of Idaho State University. KISU operates with five funds at ISU. This audit of KISU's financial statements does not represent the entire financials of ISU. Currently, KISU services the Pocatello and Idaho Falls areas and parts of Idaho that are within the KISU reception area. The Station relies on grants, university support and public contributions.
2. **Financial Statement Presentation.** The Station's financial statements are presented in accordance with the requirements of the Government Accounting Standards Board.
3. **Basis of Accounting.** For financial reporting purposes, the Station is considered a special program of the Associated Students of Idaho State University (ASISU) engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with Generally Accepted Accounting Principles ("GAAP"). Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.
4. **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 assets and liabilities and 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. Accordingly, actual results could differ from those estimates.
5. **Cash and Cash Equivalents.** The Station considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents. Cash balances that are restricted and not expected to be expended within the subsequent fiscal year are classified as noncurrent assets.
6. **Accounts Receivable, Net.** Accounts receivable consists of underwriting, membership and restricted grant expenditures that have been incurred but not yet reimbursed. Receivables are shown net of allowance and are expected to be collected within the next fiscal year.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

7. *Capital Assets, Net.* Capital assets with a cost, or donated assets with an estimated fair market value on the date of receipt, of \$5,000 or more and an estimated useful life of more than one year are capitalized. As of July 1, 2010, intangible assets with a cost, or donated assets with an estimated fair market value on the date of receipt, of \$200,000 or more and an estimated useful life of more than one year are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 13 years for equipment. Depreciation is reported as a management and general expense in the statement of revenues, expenses and changes in net position. Depreciation expense recognized was \$2,356 and \$2,356 in 2023 and 2022, respectively.

8. *Leases.* In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

The Station adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

9. *Restatement of Beginning Net Position.* The cumulative effect of adjusting changes in GASB 87 lease calculations decreases the net position for June 30, 2022 by \$543, from \$515,967 to \$516,510.
10. *Compensated Absences.* Employees' compensated absences are accrued when earned. The obligation and expenditure incurred during the year are recorded as accrued compensated absences in the statement of net position and as a component of management and general in the statement of revenues, expenses and changes in net position. Upon termination, the employee is paid the accumulated vacation leave. Amounts recorded as accrued compensated absences include employer benefits.
11. *Other Post-Employment Benefits (OPEB).* The University participates in other post-employment benefit plans relating to health and disability administered by the State of Idaho as agent multiple-employer defined benefit plans. The life insurance benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5767 and 72-1335, establish the benefits and contribution obligations. Each of these benefits is provided by the University to retired or disabled employees. The most recent actuarial valuation is as of July 1, 2022. The University has not set aside any assets to pay future benefits; the University funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

from the Office of the Idaho State Controller, 700 W State Street, 4th Floor, P.O. Box 83720, Boise, ID 83720-0011 www.sco.idaho.gov. Deferred outflows and inflows have not been reported because management has considered them not material.

For full OPEB note disclosure, please refer to Note 12 in the University's financial statements. Since the station is a component unit of the University, the assets and liabilities of the station are the assets and liabilities of the University. The University's financial statements can be found at <https://www.isu.edu/financeadmin/financial-reporting/financial-reports/>.

12. *Net Position.* The Station's net position is classified as follows:

Net investment in capital assets: This represents the Station's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The Station had no outstanding debt for the years ended June 30, 2023 and 2022, respectively.

Restricted net position: The component of net position that reports the constraints placed on the use of net position by either external parties or enabling legislation. The Station had restricted assets of \$196,763 and \$196,763 for the years ended June 30, 2023 and 2022, respectively.

Unrestricted net position: The difference between the assets and liabilities that is not reported in net investment in capital assets and restricted assets.

It is the Station's policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

13. *Classification of Activities.* The Station has classified its revenues as either operating or nonoperating.

Operating revenues: Operating revenues generally result from donations from the general public and underwriting of broadcast programs. Operating revenues include (1) operating grants from the Corporation for Public Broadcasting (CPB), (2) contributions from semi-annual fund drives, (3) in-kind contributions, (4) support from ASISU, and (5) underwriting.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue resources that are defined as nonoperating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting", and GASB Statement No. 34, such as state general appropriations and investment income.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

14. Community Service Grants. The CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

The grants received by the Station are broken out into a restricted and unrestricted portion based on a percentage identified by CPB. The unrestricted portion of the grants may be used at the discretion of the recipients. The Station uses these funds primarily for purposes relating to production and programming. Also, the grants may be used to sustain activities initiated with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists and licensee status with the Federal Communications Commission. The grants are reported in the accompanying financial statements as unrestricted operating revenues.

15. Pledges Receivable. Pledges receivable are monies received from the Station's annual fund drives and other individual donations received throughout the year. The Station records pledges receivable at their fair value and discounts pledges to their net present value based on current market interest rates and the expected payment schedule set out by the donor. Subsequent changes to the discount on pledges are recognized as income, either restricted or unrestricted, as appropriate. At the current time there are no pledges receivable that are greater than one year and management believes all pledges receivable are collectible.
16. Tax Status. As a state institution of higher education, the income of the Station is exempt from federal and state income tax under Internal Revenue Code Section 115. However, income generated from activities not related to the exempt purpose would be subject to income tax under Internal Revenue Code Section 511(a)(2)(B).

NOTE B – INDIRECT ADMINISTRATIVE SUPPORT

The Station receives a significant amount of administrative and physical plant support from Idaho State University (ISU) at no cost to the Station. For the fiscal year ending June 30, 2020, the Station used the new Standard method required by CPB (Corporation for Public Broadcasting) to value the administrative and physical plant support provided by ISU. The value of administrative and plant support received from ISU for the year ending June 30, 2023, is estimated to be \$91,910 and is presented as Indirect

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NOTE B – INDIRECT ADMINISTRATIVE SUPPORT, continued

Administrative Support (IAS). The Statement of Revenues, Expenditures, and Changes in Net Position includes indirect administrative support revenue and administrative expense of \$91,910. This is significantly more than the prior year amount of \$73,244.

NOTE C – CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30, 2023 and 2022.

	2023				
	Balance July 1, 2022	Additions	Deletions	Transfers and Other Changes	Balance June 30, 2023
Capital assets:					
Furniture, fixtures and equipment	\$ 99,504	\$ -	\$ -	\$ -	\$ 99,504
Total capital assets	99,504	-	-	-	99,504
Less accumulated depreciation:					
Furniture, fixtures and equipment	(88,975)	(2,356)	-	-	(91,331)
Total accumulated depreciation	(88,975)	(2,356)	-	-	(91,331)
Capital assets, net	\$ 10,529	\$ (2,356)	\$ -	\$ -	\$ 8,173
	2022				
	Balance July 1, 2021	Additions	Deletions	Transfers and Other Changes	Balance June 30, 2022
Capital assets:					
Furniture, fixtures and equipment	\$ 99,504	\$ -	\$ -	\$ -	\$ 99,504
Total capital assets	99,504	-	-	-	99,504
Less accumulated depreciation:					
Furniture, fixtures and equipment	(86,619)	(2,356)	-	-	(88,975)
Total accumulated depreciation	(86,619)	(2,356)	-	-	(88,975)
Capital assets, net	\$ 12,885	\$ (2,356)	\$ -	\$ -	\$ 10,529

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NOTE D – OPTIONAL RETIREMENT PLANS

Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for faculty and exempt employees. The employee contribution requirement for the ORP is based on a percentage of the total payroll. Employer contributions are determined by the State of Idaho. The plan provisions were established by, and may be amended by, the State of Idaho.

New faculty and exempt employees hired on or after July 1, 1990, automatically enroll in the ORP and select a vendor option. Faculty and exempt employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP. Enrollees in the ORP no longer belong to PERSI. Vendor options in the ORP include the *Teachers Insurance and Annuity Association - College Retirement Equities Fund* and the *Variable Annuity Life Insurance Company*.

Participants are immediately fully vested in the ORP. Retirement benefits are available as either a lump sum or any portion thereof upon attaining 55 years of age.

Contributions to the ORP are as follows:

	2023	2022	2021
KISU contributions paid	\$ 10,539	\$ 7,963	\$ 9,278
Employee contributions	\$ 7,907	\$ 5,997	\$ 6,988
Total contributions	\$ 18,446	\$ 13,960	\$ 16,266
KISU contribution rate	9.35%	9.27%	9.27%
Employee contribution rate	6.97%	6.98%	6.98%

Although enrollees in the ORP no longer belong to PERSI, KISU is required to contribute a percentage of the annual covered payroll to PERSI. Effective July 1, 2007, the percentage was changed from 3.03% to 1.49%, allowing the difference of 1.54% to be used to increase the University's contribution to ORP retirement accounts. In addition, the payoff period of PERSI's unfunded liability obligation was extended from July 1, 2015, to July 1, 2025. During the years ended June 30, 2023 and 2022 supplemental funding payments to PERSI were \$1,665 and \$1,807, respectively. These amounts are not included in the regular KISU ORP contribution in the table above.

Supplemental Retirement Plans – Full and part time benefited faculty and professional staff enrolled in the ORP as their regular retirement plan may enroll in the 403(b) and the 457(b) plans. It should be noted that KISU currently has two benefited employees.

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NOTE D – OPTIONAL RETIREMENT PLANS continued

457(b) – Deferred Compensation Plan:

The 457(b) is a voluntary retirement savings plan covered under Section 457(b) of the Internal Revenue Code. All KISU employees are eligible to participate in this plan. The plan is funded exclusively through employee pre-tax contributions.

403(b) Plan:

The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All KISU employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions.

Roth 403(b) Plan:

The Roth 403(b) is a voluntary retirement savings plan covered under Section 403(b) of the Internal Revenue Code. All KISU employees are eligible to participate in this plan. The plan is funded exclusively by employee post-tax contributions.

Termination Payments – Employees who qualify for retirement under ORP are eligible to use 50% of the cash value of their unused sick leave to continue their medical insurance coverage through the University. The University partially funds these obligations by depositing 0.65% of employee gross payroll to PERSI, who administers the plan for all participating ISU employees and retirees under a trust fund. The total contributions for the years ended June 30, 2023 and 2022 were \$0 and \$0, respectively.

Pension Liability – There is no pension liability for KISU since the ORP is a defined contribution plan and contributions are paid in full annually. However, as mentioned earlier in this note, the ORP does pay a percentage (1.49%) to PERSI to help cover PERSI's defined benefit pension liability. This pension liability is completely owned by the PERSI defined benefit plan and is not, in any way, attributed to the ORP defined contribution plan.

NOTE E - RELATED PARTY TRANSACTIONS

The Idaho State University Foundation (the "Foundation") was established for the purpose of soliciting donations to hold for the exclusive benefit of Idaho State University, which includes the Station. In fiscal year 2023, the Station received \$59,555 from the Foundation. This amount is included in operating revenues.

NOTE F – UNEARNED REVENUE

Cash advances received through community service grants from the Corporation for Public Broadcasting are recorded as unearned revenue when received and revenues are recognized when expenditures of the grant funds are incurred.

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NOTE G – ACCOUNTING FOR LEASES

On 07/01/2020, Idaho State University entered into a 71-month lease as Lessee for the use of Idaho Wireless Radio Transmitter Site - Radio Premises. An initial lease liability was recorded in the amount of \$122,460.12. As of 06/30/2023, the value of the lease liability is \$63,798.68. Idaho State University is required to make monthly fixed payments of \$1,638.00. The lease has an interest rate of 0.8220%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$122,460.12 with accumulated amortization of \$62,092.46 is included with Land on the Lease Class activities table found below.

On 07/01/2020, Idaho State University entered into a 204-month lease as Lessee for the use of Teton Comm Tower Space - Iona Butte. An initial lease liability was recorded in the amount of \$81,268.83. As of 06/30/2023, the value of the lease liability is \$71,734.41. Idaho State University is required to make monthly fixed payments of \$351.92. Additionally, there are monthly other reasonably certain payments of \$90.00. The lease has an interest rate of 1.7360%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$81,268.83 with accumulated amortization of \$14,311.16 is included with Land on the Lease Class activities table found below. Idaho State University has 3 extension option(s), each for 60 months. Idaho State University had a termination period of 2 months as of the lease commencement.

On 07/01/2020, Idaho State University entered into a 204-month lease as Lessee for the use of Teton Comm Tower Space - Rexburg Bench. An initial lease liability was recorded in the amount of \$80,453.65. As of 06/30/2023, the value of the lease liability is \$71,014.86. Idaho State University is required to make monthly fixed payments of \$348.39. Additionally, there are monthly other reasonably certain payments of \$160.00. The lease has an interest rate of 1.7360%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$80,453.65 with accumulated amortization of \$14,167.61 is included with Land on the Lease Class activities table found below. Idaho State University has 3 extension option(s), each for 60 months. Idaho State University had a termination period of 2 months as of the lease commencement.

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Future minimum lease payments at June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,100	\$ 2,868	\$ 30,968
2025	29,330	2,567	31,897
2026	28,647	2,251	30,898
2027	8,284	2,026	10,310
2028	8,742	1,878	10,620
2029-2033	51,185	6,887	58,072
2034 and thereafter	<u>52,259</u>	<u>1,950</u>	<u>54,209</u>
Total minimum lease payments	<u>\$ 206,547</u>	<u>\$ 20,427</u>	<u>\$ 226,974</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>
Land	284,183
Less: accumulated amortization	<u>(90,571)</u>
	<u>\$ 193,612</u>

NOTE H – CONCENTRATIONS AND CONTINGENCIES

The Station operates its programs with aid of funding primarily from (1) CPB CSG grants, (2) support from the Idaho University System, (3) public contributions and (4) underwriting. A major reduction in the level of support from any of these funding sources could have a negative impact on the Station's ability to maintain its current programs.

The Station must use its CSGs within a two-year grant period. Any unexpended funds must be returned to CPB. Although it is a possibility that the funds could not be spent within the grant period, the Station's management deems the contingency remote.

NOTE I – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2023. This analysis has been performed through January 11, 2024.

Required Supplementary Information

Required Supplementary Information

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios Last 10 - Fiscal Years*

	2023	2022	2021	2020	2019	2018
Changes for the Year						
Service Cost	\$ (1,362)	\$ (1,106)	\$ (1,614)	\$ (728)	\$ (1,179)	\$ (1,181)
Interest on Total OPEB Liability	(675)	(554)	(1,601)	(828)	(1,187)	(1,179)
Plan Changes	839	-	459	-	-	-
Economic/Demographic Gains (Losses)	(1,390)	(250)	7,116	-	383	-
Assumption Changes	6,882	(299)	(10,802)	(3,543)	2,586	-
Expected Benefit Payments	570	436	1,467	803	1,198	1,259
Net Changes	4,864	(1,773)	(4,975)	(4,296)	1,801	(1,101)
Total OPEB Liability, Beginning Balance	(34,766)	(32,993)	(28,018)	(23,722)	(25,523)	(24,422)
Total OPEB Liability, Ending Balance	\$ (29,902)	\$ (34,766)	\$ (32,993)	\$ (28,018)	\$ (23,722)	\$ (25,523)
 Employer's covered-employee payroll	 \$ 152,527	 \$ 130,673	 \$ 135,314	 \$ 141,154	 \$ 142,520	 \$ 142,267
Total OPEB liability as a percentage of covered-employee payroll	19.60%	26.61%	24.38%	19.85%	16.64%	17.94%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Station will present information for those years for which information is available.

Data reported is measured as of June 30, 2022 (measurement date).



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To Management
KISU-FM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KISU-FM for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise KISU-FM's basic financial statements and have issued our report thereon dated January 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered KISU-FM's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the KISU-FM's internal control. Accordingly, we do not express an opinion on the effectiveness of the KISU-FM's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KISU-FM's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Deaton & Company". The signature is written in a cursive, flowing style.

Pocatello, ID
January 11, 2024