

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN**

**AUDITED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	4
Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses, and Change in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12
Other Supplemental Information Section	
Statement of Activities	
Year ended August 31, 2024	19
Year ended August 31, 2023	20
Statement of Functional Expenses	
Year ended August 31, 2024	21
Year ended August 31, 2023	22



Independent Auditors' Report

To the Management of KUT Radio and to
The University of Texas at Austin
Austin, Texas

Opinion

We have audited the accompanying financial statements of KUT Radio of the University of Texas at Austin (KUT), which comprise the statements of net position as of August 31, 2024 and 2023, and the related statements of revenues, expenses, and change in net position, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KUT as of August 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KUT, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions except for the following qualification.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the financial statements present only KUT and do not purport to, and do not present fairly the financial position of the University of Texas at Austin as of August 31, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 KUT's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS 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 GAAS 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 KUT'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 Program's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such 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. 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of activities and functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 statements 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.



Austin, Texas
January 30, 2025

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023**

KUT Public Media operates within the Moody College of Communication at the University of Texas at Austin. KUT Public Media operates and these financial statements reflect KUT 90.5FM, KUTX 98.9FM, and KXBT 88.1FM. These financial statements are submitted to the Corporation for Public Broadcasting on behalf of grantee KUT which will be the referenced entity for the remainder of this document.

This section of KUT's annual financial report presents our discussion and analysis of KUT's financial performance during the fiscal years ending August 31, 2024 and 2023.

Financial Highlights for the Years Ended August 31, 2024 and 2023

- KUT's total net position was \$16,985,519 and \$18,695,868 at August 31, 2024 and 2023, respectively.
- During 2024, KUT's expenses were \$1,710,349 more than the \$14,670,885 generated in revenues from activities, direct and in-kind support from the University of Texas at Austin. This number includes timing differences between the receipt of a large donation and annual expenditure of that donation, as well as one-time equipment purchases and accruals and prepaids expenses from the previous year. During 2023, KUT's expenses were \$332,156 less than the \$16,508,227 generated in revenues.
- The total cost of KUT's programming and production increased by \$64,119 and \$627,893 for 2024 and 2023, respectively.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. These statements are presented as proprietary fund statements and offer both short- and long-term financial information about the activities of KUT.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

The financial statements report information about KUT as a whole using accounting methods similar to those used by independent non-profit organizations. The statement of net position includes all of KUT's assets and liabilities. The statement of revenues, expenses, and change in net position presents information showing how KUT's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position regardless of when cash is received or paid.

**KUT RADIO
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THE UNIVERSITY OF TEXAS AT AUSTIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023**

Overview of the Financial Statements - Continued

These two statements report KUT's net position and how they have changed. Net position – the difference between KUT's assets and liabilities – is one way to measure KUT's financial health or position.

- Over time, increases or decreases in KUT's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of KUT, one needs to consider additional non-financial factors such as stability and growth of radio and related services.

The supplementary information section includes KUT's statements of activities and functional expenses. KUT's programming and services are included here. Revenues from grants, sales and services as well as memberships and contributions finance most of these activities.

Program Financial Analysis

Net Position

KUT's combined net position was \$16,985,519 and \$18,695,868 at August 31, 2024 and 2023, respectively.

**STATEMENTS OF NET POSITION
August 31, 2024 and 2023**

ASSETS

Current assets:	2024	2023
Cash and cash equivalents	\$ 3,863,892	\$ 4,721,877
Accounts receivable		
Trade receivable, net allowance	590,587	524,581
Pledges receivable, net of allowance	1,517,051	1,542,667
Grant receivable	500,000	500,000
Prepaid expenses	-	74,754
Total current assets	<u>6,471,530</u>	<u>7,363,879</u>

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023**

STATEMENTS OF NET POSITION - Continued

	<u>2024</u>	<u>2023</u>
Capital assets:		
Furniture and equipment, net	880,350	861,081
Leasehold improvements, net	4,110,825	4,428,163
Total capital assets, net of accumulated depreciation/amortization	4,991,175	5,289,244
Digital licenses	6,001,985	6,001,985
 Total capital assets	 10,993,160	 11,291,229
 Grant receivable, noncurrent	 -	 500,000
 TOTAL ASSETS	 <u><u>\$ 17,464,690</u></u>	 <u><u>\$ 19,155,108</u></u>
 LIABILITIES		
Current liabilities:		
Accounts payable	\$ 404,580	\$ 366,399
Advances from underwriters	74,591	92,841
Current portion of interfund note payable	-	-
Total current liabilities	479,171	459,240
 Noncurrent portion of interfund payable	 -	 -
 TOTAL LIABILITIES	 <u>479,171</u>	 <u>459,240</u>
 NET POSITION		
Invested in capital assets net of related debt	10,993,160	11,291,229
Restricted - nonexpendable	25,000	25,000
Restricted - radio services community	183,494	183,494
Restricted - time restricted	2,529,972	3,005,987
Unrestricted net position	3,253,893	4,190,158
 TOTAL NET POSITION	 <u><u>\$ 16,985,519</u></u>	 <u><u>\$ 18,695,868</u></u>

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023**

Changes in Net Position

KUT's total revenues were \$14,670,885 and \$16,508,227 for 2024 and 2023, respectively. A significant portion, approximately 85% and 78%, of KUT's revenue come from individual membership contributions and underwriting (sponsorships) of programming in 2024 and 2023, respectively. KUT receives approximately 9% of its total revenues in the form of non-operating support from The University of Texas at Austin and other entities in the form of direct financial support and indirect and in-kind support of activities in both years. KUT receives approximately 6% and 14% of its total revenue from private foundation and federal grant sources in 2024 and 2023, respectively.

Major Sources of Revenues

	2024	2023
Sales/Service and Memberships/Contributions	\$ 12,407,714	\$ 12,941,756
Grants	817,355	2,229,609
Non-Operating Support	1,098,034	1,098,343
In-Kind Support	242,033	173,378
Total	<u>\$ 14,565,136</u>	<u>\$ 16,443,086</u>

The total costs of all programming, services and operations was \$16,381,234 and \$16,176,071 in 2024 and 2023, respectively.

- 70% and 70% of total costs were directly related to content and service delivery in 2024 and 2023, respectively
- 25% and 25% of total costs were directly related to resource development, listener services, and outreach in 2024 and 2023, respectively
- 5% and 5% of total costs were directly related to administration and strategy in 2024 and 2023, respectively.

Capital Assets and Debt Administration

At August 31, 2024 and 2023, KUT had \$10,321,796 and \$10,161,435 invested in capital assets, respectively. In 2024, \$8,329,202 was held in leasehold improvements and \$1,992,594 was held in equipment while in 2023, \$8,329,202 was held in leasehold improvements and \$1,832,233 held in equipment.

Since fiscal year 2003-2004, KUT has accounted for annual depreciation in its operating budget and statement of expenses. Equipment depreciation for fiscal years 2024 and 2023 were \$141,092 and \$118,620, respectively and was accounted for in operating expenses. Leasehold improvement amortization was recorded and accounted for in operating expenses in the amount of \$317,338 and \$326,513, respectively.

KUT has budgeted for fiscal years 2024 and 2023, capital investments of approximately \$161,361 and \$242,703, respectively, in new fixed assets and/or replacement of fully depreciated assets.

**KUT RADIO
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THE UNIVERSITY OF TEXAS AT AUSTIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023**

Changes in Net Position - Continued

Long-Term Debt

KUT paid off its long term note payable to The University of Texas at Austin in 2023. This note was for the purchase of the broadcast signal 98.9 FM that KUT operates under the FCC call sign KUTX FM. It was a 10-year note beginning September 1, 2013, at an annual interest percentage rate of 4%.

Budgetary Highlights

KUT, a wholly owned licensee of the University of Texas at Austin, is bound by University rules regarding expenditures.

Economic Factors and Next Year's Budgets

KUT adopts annual operating budgets for each fiscal year. KUT's operating costs for fiscal year 2025 are projected to be \$14,571,988. Targeted revenue for the fiscal year ending August 31, 2025 is \$14,174,644. KUT believes these goals to be realistic and achievable.

FY 2024 reflects no direct operating support from the Moody College of Communication at the University of Texas. Significant, non-cash indirect support continues to appear in the audited financial statements.

Contacting KUT's Financial Management

This financial report is designed to provide its users with a general overview of KUT's finances and to demonstrate KUT's accountability for the money it receives. Questions about this report may be directed to the accounting department of KUT at the below information.

KUT
ATTN: Accounting
300 West Dean Keeton Stop A0704
Austin Texas 78712

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENTS OF NET POSITION
August 31, 2024 and 2023**

ASSETS

	2024	2023
Current assets:		
Cash and cash equivalents	\$ 3,863,892	\$ 4,721,877
Accounts receivable		
Trade receivable, net allowance	590,587	524,581
Pledges receivable, net of allowance	1,517,051	1,542,667
Grant receivable	500,000	500,000
Prepaid expenses	-	74,754
Total current assets	<u>6,471,530</u>	<u>7,363,879</u>
Capital assets:		
Furniture and equipment, net	880,350	861,081
Leasehold improvements, net	<u>4,110,825</u>	<u>4,428,163</u>
Total capital assets, net of accumulated depreciation/amortization	4,991,175	5,289,244
Digital licenses	<u>6,001,985</u>	<u>6,001,985</u>
Total capital assets	10,993,160	11,291,229
Grant receivable, noncurrent	<u>-</u>	<u>500,000</u>
TOTAL ASSETS	<u><u>\$ 17,464,690</u></u>	<u><u>\$ 19,155,108</u></u>

LIABILITIES

Current liabilities:		
Accounts payable	\$ 404,580	\$ 366,399
Advances from underwriters	74,591	92,841
Current portion of interfund note payable	<u>-</u>	<u>-</u>
Total current liabilities	479,171	459,240
TOTAL LIABILITIES	<u>479,171</u>	<u>459,240</u>

NET POSITION

Invested in capital assets net of related debt	10,993,160	11,291,229
Restricted - nonexpendable	25,000	25,000
Restricted - radio services community	183,494	183,494
Restricted - time restricted	2,529,972	3,005,987
Unrestricted net position	<u>3,253,893</u>	<u>4,190,158</u>
TOTAL NET POSITION	<u><u>\$ 16,985,519</u></u>	<u><u>\$ 18,695,868</u></u>

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

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE
IN NET POSITION
Years Ended August 31, 2024 and 2023**

	2024	2023
OPERATING REVENUES:		
Sales and services	\$ 5,696,917	\$ 6,085,596
Memberships and contributions	6,710,797	6,856,160
Grants	817,355	2,229,609
General support	1,098,034	1,098,343
Loss on disposal of assets	-	-
In-kind support	242,033	173,378
Total operating revenues	14,565,136	16,443,086
OPERATING EXPENSES:		
Program services:		
Programming and production	9,559,671	9,495,552
Broadcasting	1,953,990	1,799,930
Support services:		
Management and general	873,148	817,493
Fundraising and development	2,186,402	2,188,376
Underwriting and grant solicitation	1,808,023	1,874,720
Total operating expenses	16,381,234	16,176,071
Operating income	(1,816,098)	267,015
NON-OPERATING REVENUES (EXPENSES):		
Interest income	105,749	65,141
Total nonoperating revenues (expenses)	105,749	65,141
CHANGE IN NET POSITION	(1,710,349)	332,156
Net position, beginning of year	18,695,868	18,363,712
Net position, end of year	<u>\$ 16,985,519</u>	<u>\$ 18,695,868</u>

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

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2024 and 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sales and services	\$ 5,612,661	\$ 5,923,180
Cash received from membership contributions	7,834,447	6,590,562
Cash received from grants	1,317,355	1,229,609
Cash payments to employees	(8,675,026)	(8,481,519)
Cash payments to other suppliers for goods and services	(6,892,810)	(5,993,031)
Net cash provided by operating activities	<u>(803,373)</u>	<u>(731,199)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	105,749	65,141
Purchase of fixed assets	(160,361)	(242,703)
Net cash provided (used) by investing activities	<u>(54,612)</u>	<u>(177,562)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	-	(476,130)
Net cash provided (used) by financing activities	<u>-</u>	<u>(476,130)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(857,985)</u>	<u>(1,384,891)</u>
Cash and cash equivalents, beginning of year	<u>4,721,877</u>	<u>6,106,768</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,863,892</u></u>	<u><u>\$ 4,721,877</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (1,816,098)	\$ 267,015
Adjustments to reconcile changes in net position to net cash provided by operating activities:		
Depreciation	141,092	118,620
Amortization	317,338	326,513
Changes in assets and liabilities:		
Trade receivable	(66,006)	(92,849)
Pledges receivable	25,616	(265,598)
Grant receivable	500,000	(1,000,000)
Prepaid expenses	74,754	(74,754)
Accounts payable	38,181	59,421
Advances from underwriters	(18,250)	(69,567)
Net cash provided by operating activities	<u><u>\$ (803,373)</u></u>	<u><u>\$ (731,199)</u></u>

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

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of KUT Radio (KUT) of the University of Texas at Austin (the University) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to Public Colleges and Universities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Description of the Organization

KUT is licensed to The University of Texas at Austin and is governed by the University of Texas Board of Regents. It provides a high quality mix of local and national informational and cultural public radio programs to Central Texas. It operates as a part of the Communication Department of the University and is included in the University’s general ledger accounting system. All accounting transactions of KUT are processed by the University’s administrative offices and are included in the University’s financial report.

These financial statements present only KUT and do not purport to, and do not, present fairly the financial position of the University of Texas at Austin, as of August 31, 2024 and 2023, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Complete financial statements of the University of Texas at Austin can be obtained at its administrative offices.

Basis of Presentation, Basis of Accounting

KUT Radio uses the reporting model for business-type activities (Enterprise Fund Model) as described in GASB Statement No. 35. Enterprise fund operating revenues, such as charges for services and contributions, result from transactions associated with the principal activity of the fund. Operating expenses include salaries and wages and related costs, materials and supplies, and depreciation. All revenues and expenses not meeting the definition of operating revenues or expenses are reported as non-operating revenues and expenses. KUT had no non-operating expenses in 2024 and 2023.

Measurement Focus, Basis of Accounting

Enterprise fund financial statements are reported using the economic resources measurement focus. They use the accrual basis of accounting. Using this basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which KUT receives value without directly giving equal value in exchange, include state appropriations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When KUT incurs an expense for which both restricted and unrestricted resources may be used, it is KUT's policy to use restricted resources first, then unrestricted resources.

**KUT RADIO
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THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting - Continued

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," issued by the Financial Accounting Standards Board ("FASB"), KUT has chosen to apply future FASB standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Accounts Receivable/Payables

Accounts receivable includes amounts pledged but not received and grants not yet received, as well as amounts earned, but not billed at year end. All receivables not expected to be received within one year are classified as noncurrent. The KUT provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. KUT's estimate is based on historical collections, and a review of the current status of the accounts receivable. An allowance of \$333,336 and \$330,366 was recorded as of August 31, 2024 and 2023, respectively. There is no allowance for the grant receivable as all of the grant is expected to be received.

KUT believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Capital Assets

Capital assets are recorded at cost if purchased and fair value if donated. KUT capitalizes equipment that has a useful life of 3 years or more and an acquisition cost of \$2,500 or greater.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 3 to 60 years.

Net Position

GASB Statement No. 34, as amended by GASB 63 and 65, requires resources be classified for accounting and reporting purposes into the following net position categories:

Invested in Capital Assets, Net of Related Debt

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. KUT had \$10,993,160 and \$11,291,229 in capital assets and \$0 and \$0 in related debt at August 31, 2024 and 2023, respectively.

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position - Continued

Restricted

Nonexpendable

Net position subject to externally imposed stipulations that they be maintained permanently by KUT. KUT had \$25,000 in Restricted-Nonexpendable net position at August 31, 2024 and 2023.

Expendable

Net position whose use by KUT is subject to externally imposed stipulations that can be fulfilled by actions of KUT pursuant to those stipulations or that expire with the passage of time. KUT had \$2,713,466 and \$3,189,481 in Restricted-Expendable net positions at August 31, 2024 and 2023. These were restricted for time, program specific use, and capital additions.

It is KUT's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Donated Materials and Services

KUT reports donated materials as general support. Donated materials are recorded at an estimated fair value based on the experience of KUT. KUT uses contributed services in its operations and reports the services as in-kind support. The contributed services are reported as support if, a) the services create or enhance non-financial assets or b) the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated materials and services are offset with a charge to the appropriate expense account. Donated materials and services received totaled \$242,033 and \$173,378 for the years ended August 31, 2024 and 2023, respectively. See Note 5.

Allocation of Common Costs

KUT allocates common costs between program services and supporting services based on the activities of KUT. The resulting allocations are reviewed annually, and the allocations revised, if necessary, to reflect changes in the activities of KUT.

**KUT RADIO
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THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

The University of Texas at Austin's policy is as follows:

Full-time state employees earn annual leave from eight to twenty-one hours per month depending upon the respective employees' years of state employment. Accrued leave may be carried forward from one fiscal year to another fiscal year, with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Employees with at least six months of state service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of death. The maximum sick leave that may be paid to an employee's estate is one-half of the accumulated entitlement or 336 hours, whichever is less. The cost of sick leave is recognized when paid and the liability is not shown in the financial statements and is considered to be immaterial.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

NOTE 2: DEPOSITS

KUT's carrying amount of deposits was \$3,863,892 at August 31, 2024. KUT Radio's cash is kept in pooled cash accounts maintained by the University of Texas at Austin. All cash balances of the University of Texas at Austin are covered by the Federal Deposit Insurance Corporation (FDIC) insurance or by collateral held by the University's agent in the University's name or the pledging financial institution's trust department or agent in the University's name.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture/equipment	\$ 1,832,233	\$ 160,361	\$ -	\$ 1,992,594
Accumulated depreciation	(971,152)	(141,092)	-	(1,112,244)
Leasehold improvements	8,329,202	-	-	8,329,202
Accumulated depreciation	(3,901,039)	(317,338)	-	(4,218,377)
Digital licenses	6,001,985	-	-	6,001,985
Total capital assets (net)	<u>\$11,291,229</u>	<u>\$ (298,069)</u>	<u>\$ -</u>	<u>\$10,993,160</u>

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 3: CAPITAL ASSETS - CONTINUED

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture/equipment	\$ 1,718,426	\$ 113,807	\$ -	\$ 1,832,233
Accumulated depreciation	(852,532)	(118,620)	-	(971,152)
Leasehold improvements	8,200,306	128,896	-	8,329,202
Accumulated depreciation	(3,574,526)	(326,513)	-	(3,901,039)
Digital licenses	6,001,985	-	-	6,001,985
Total capital assets (net)	<u>\$11,493,659</u>	<u>\$ (202,430)</u>	<u>\$ -</u>	<u>\$11,291,229</u>

Depreciation is charged to Program Services. Amortization of leasehold improvements is allocated across program and supporting services based on management's estimate of the use of the improvements by service.

NOTE 4: COMMITMENTS AND CONTINGENCIES

KUT participates in funding that is subject to audit by funding agencies. These grantors have program compliance requirements and should funding source auditors find areas of non-compliance, KUT may be required to refund unallowable costs. Management believes that such unallowable costs, if any, are not significant.

NOTE 5: RELATED PARTY TRANSACTIONS

General Support

KUT receives indirect general support from the University of Texas at Austin relating to certain administrative costs of facilities, IT, payroll, and miscellaneous expenses. The support is considered to be in-kind and is reflected as general support contribution in the statement of revenue, expenses, and change in net position. For the years ended August 31, 2024 and 2023, KUT received \$1,098,034 and \$1,098,343, respectively, in general support from the University of Texas at Austin.

Debt

In November 2012, KUT acquired a second radio station (KUTX). As part of the purchase of KUTX, the University of Texas loaned KUT \$4,000,000, payable over a 10-year period, with an interest rate of 4%. KUTX was pledged as security for the loan. Interest expense is considered a direct expense of Programming & Production and is included in operating expenses on the statement of revenue, expenses and changes in net position. Interest expense was \$0 and \$0 for 2024 and 2023, respectively. KUT paid off the remaining portion of the debt in 2023.

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 6: EMPLOYEES' RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the University participated is a cost-sharing multi-employer public employee retirement system administered by the Teacher Retirement System of Texas. TRS is primarily funded through state and employee contributions. Depending upon the source of funding for a participant's salary, the University may be required to make contributions in lieu of the state. KUT Radio's share of the employer matching (6% of annual salary) for covered employees is included in the costs reported in the financial statements.

NOTE 7: HEALTH CARE COVERAGE

The U.T. System Employee Group Insurance program provides health, dental, vision, life insurance, long term disability, long term care, and flexible spending account coverage to all benefits-eligible employees. These insurance benefits are provided through both self-funded and fully insured arrangements. A portion of an individual's group health insurance premium is paid by the state as specified in the General Appropriations Act. The System's Office of Employee Group Insurance (EGI) is responsible for the overall administration of the insurance plans. EGI was established by Chapter 1601 (formerly Article 3.50-3) of the Texas Insurance Code and complies with state laws and statutes pertinent to employee benefits for the System.

NOTE 8: PERMANENTLY RESTRICTED NET POSITION

The Endowment Fund of KUT-Radio consists of one \$25,000 gift from an individual donor. The endowment includes donor-restricted endowment funds only and related earnings. The endowment funds are maintained in an account with the University of Texas. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the UT System Board of Regents may distribute net appreciation, realized and unrealized, in the fair market value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent. The System's policy is to retain all undistributed net realized and unrealized appreciation within the endowment funds. Endowment Funds are subject to restrictions of endowment and trust instruments, requiring that the principal be maintained and that only the income be utilized. This endowment's holdings are invested in the Long Term Fund, which is managed by the University of Texas Investment Management Company (UTIMCO). For the years ended August 31, 2024 and 2023, there was no activity relating to the endowment.

**KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
NOTES TO FINANCIAL STATEMENTS
Years Ended August 31, 2024 and 2023**

NOTE 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,863,892	\$ 4,721,877
Pledges receivable, no purpose restrictions	1,517,051	1,542,667
Receivables, production and underwritings	590,587	524,581
Grants receivable, no purpose restrictions	500,000	500,000
	<u>6,471,530</u>	<u>7,289,125</u>
Less amounts not available to be used within one year:		
Restricted - nonexpendable	25,000	25,000
Restricted - time restricted	2,529,972	3,005,987
	<u>2,554,972</u>	<u>3,030,987</u>
	<u><u>\$ 3,916,558</u></u>	<u><u>\$ 4,258,138</u></u>

As part of KUT's liquidity management plan, it has a policy to structure financial assets to be available as general expenditure, liabilities, and other obligations come due.

OTHER SUPPLEMENTARY INFORMATION

KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENT OF ACTIVITIES
Year Ended August 31, 2024

Business Type Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Business-Type Activities
KUT Radio	\$ 16,381,234	\$ 5,696,917	\$ 8,868,219	\$ -	\$ (1,816,098)
General revenues:					
Interest income					105,749
Gain (loss) on disposal of asset					-
Change in net position					(1,710,349)
Net position - beginning					18,695,868
Net position - ending					<u>\$ 16,985,519</u>

KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENT OF ACTIVITIES
Year Ended August 31, 2023

Business Type Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Business-Type Activities
KUT Radio	\$ 16,176,071	\$ 6,085,596	\$ 10,357,490	\$ -	\$ 267,015
General revenues:					
Interest income					65,141
Gain (loss) on disposal of asset					-
Change in net position					332,156
Net position - beginning					18,363,712
Net position - ending					<u>\$ 18,695,868</u>

KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2024

	Program Services		Supporting Services			Total
	Production & Programming	Broadcasting	Management & General	Fundraising & Development	Underwriting	
EXPENSES						
Salaries and employee benefits	\$ 6,317,328	\$ 699,351	\$ 590,574	\$ 948,770	119,003	\$ 8,675,026
Professional services	245,345	82,384	37,524	154,012	1,288,548	1,807,813
Office supplies	90	97	4,001	-	-	4,188
Telephone	-	41,342	-	-	-	41,342
Postage and shipping	-	463	-	159,485	-	159,948
Advertising	-	-	-	124,401	-	124,401
Rental and maintenance of equipment	18	135,389	5,815	5,512	-	146,734
Depreciation	-	141,092	-	-	-	141,092
Leasehold amortization expense	161,843	34,907	34,907	44,427	41,254	317,338
Printing, publication, graphics	112	-	-	99,661	-	99,773
Travel	69,088	2,621	4,983	16,713	-	93,405
Conferences, conventions, meetings	15,085	2,897	288	31,034	7,419	56,723
Programming	1,450,371	436,362	-	-	-	1,886,733
Indirect administration support	746,663	153,725	54,902	-	142,744	1,098,034
Other	553,728	223,360	140,154	602,387	209,055	1,728,684
Total expenses	\$ 9,559,671	\$ 1,953,990	\$ 873,148	\$ 2,186,402	\$ 1,808,023	\$ 16,381,234

KUT RADIO
OF
THE UNIVERSITY OF TEXAS AT AUSTIN
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2023

	Program Services		Supporting Services		Total
	Production & Programming	Broadcasting	Management & General	Fundraising & Development	
EXPENSES					
Salaries and employee benefits	\$ 6,137,488	\$ 774,665	\$ 559,118	\$ 957,591	\$ 8,481,519
Professional services	318,646	113,539	34,350	109,942	1,947,292
Office supplies	830	491	3,658	-	7
Telephone	-	39,768	-	-	4,986
Postage and shipping	-	533	-	-	39,768
Advertising	-	-	-	195,526	196,059
Rental and maintenance of equipment	3,250	68,742	33,410	89,914	89,914
Depreciation	-	118,620	-	-	105,402
Leasehold amortization expense	166,522	35,916	35,916	45,712	118,620
Printing, publication, graphics	-	-	-	156,309	326,513
Travel	33,078	8,515	7,796	15,696	156,309
Conferences, conventions, meetings	10,183	2,897	14,154	25,723	65,085
Programming	1,479,935	365,600	-	-	57,982
Indirect administration support	746,873	153,768	54,917	-	1,845,535
Other	598,747	116,876	74,174	591,963	1,098,343
Total expenses	\$ 9,495,552	\$ 1,799,930	\$ 817,493	\$ 2,188,376	\$ 16,176,071