

KMUW-FM Radio
**(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)**

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

June 30, 2024 and 2023



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Independent Auditor's Report

Wichita State University Management
KMUW-FM Radio
(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KMUW-FM Radio (a public telecommunications entity operated by Wichita State University, a component unit of the State of Kansas), which comprise the statements of net position as of June 30, 2024 and 2023, 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 financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the net position of KMUW-FM Radio as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 KMUW-FM Radio, 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 opinion.

Emphasis of Matter

As discussed in Note A, the financial statements present only KMUW-FM Radio, a department of Wichita State University, and do not purport to, and do not present fairly the net position of Wichita State University, as of June 30, 2024 and 2023, the changes in its net 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 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.

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 KMUW-FM Radio's ability to continue as a going concern for twelve months beyond the financial statement date.

Auditor's Responsibility

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 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 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, 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 KMUW-FM Radio'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 KMUW-FM Radio'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 the management's discussion and analysis on pages 4 through 9 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 audits 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 21 and 22, 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 audits 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.

Peggy Carr & Monroe LLP

January 13, 2025
Wichita, Kansas

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended June 30, 2024 and 2023

INTRODUCTION

This report, Management's Discussion and Analysis, provides an overview of the financial position and results of activities of KMUW-FM Radio ("KMUW" or "the station") for the year ended June 30, 2024, with comparative information for the year ended June 30, 2023. Station management prepared the analysis to supplement the financial statements. This report aims to help readers of the financial statements better understand KMUW's financial position and operating activities for the year that ended June 30, 2024.

Wichita State University follows Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. This statement established standards for preparing public college and university financial statements. As a department of Wichita State University, KMUW also follows GASB Statement No. 35.

KMUW is one of only 250 stations affiliated with the NPR network, from among nearly 1,200 listener-supported, noncommercial radio stations. Licensed to Wichita State University, KMUW operates at 100,000 watts at 89.1 FM with a programming schedule rich in news, information, music, arts, and ideas. KMUW's mission is to serve as a trusted local, national, and world news source. And to provide its audience with a broad discussion of ideas and a distinctive blend of diverse music and entertainment while operating as an essential public service of Wichita State University.

Wichita State University is a comprehensive public institution of higher education with approximately 17,000 students and 700 faculty members. The University is a state agency of Kansas governed by the Kansas Board of Regents. The State of Kansas issues financial statements that include the activities of the state's university system.

USING THE FINANCIAL STATEMENTS

KMUW's financial report includes three financial statements: the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. We will review these financial statements in the following sections and identify highlights.

STATEMENTS OF NET POSITION

The Statements of Net Position present the station's financial position as of June 30, 2024 and 2023. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is net position, an indicator of financial condition. As of June 30, 2024, the station's net position was \$292,455.

SUMMARY STATEMENTS OF NET POSITION

	2024	2023
Cash and cash equivalents	\$ 203,821	241,626
Capital assets, net of depreciation	259,313	353,876
Other assets	<u>520,983</u>	<u>488,697</u>
Total assets	984,117	1,084,199
Liabilities	<u>691,662</u>	<u>249,139</u>
Net position	<u>\$ 292,455</u>	<u>\$ 835,060</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position present the station's financial activity for the years ending June 30, 2024 and 2023. GASB principles require the categorizing revenues and expenses as either "operating" or "nonoperating."

GASB also specifies categorizing university support as nonoperating. Because university support comprises a significant part of the station's revenues each year, the reader of the financial statements should focus on the change in net position rather than the operating loss. The summary that follows illustrates this point.

SUMMARY STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2024	2023
Memberships, sponsorships, and gifts	\$ 1,541,072	\$ 1,668,989
Grants	359,232	269,947
Other	<u>251,592</u>	<u>270,176</u>
Total operating revenues	2,151,896	2,209,112
Expenses:		
Program services	2,057,107	2,194,043
Supporting services	<u>1,532,911</u>	<u>1,527,939</u>
Total expenses	<u>3,590,018</u>	<u>3,721,982</u>
Operating loss	(1,438,122)	(1,512,870)
Support from Wichita State University	887,342	811,776
Investment earnings (loss)	<u>8,175</u>	<u>3,905</u>
Change in net position	<u>\$ (542,605)</u>	<u>\$ (697,189)</u>

More information about financial matters follows in the Economic Environment section.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows provide additional information about KMUW's financial results by reporting the significant sources and uses of cash. GASB principles promulgate four sources of cash flows: from operating activities, from noncapital financing activities, from capital assets and related financing activities, and from investing activities. Cash inflows from state appropriations are critical to funding station operations. But, as noted previously, GASB principles require reporting appropriations as nonoperating cash flows.

SUMMARY STATEMENTS OF CASH FLOWS

	2024	2023
Cash flows (used in) or provided by operating activities	\$ (808,425)	\$ (973,440)
Cash flows from noncapital financing activities	765,189	422,737
Cash flows from investing activities	<u>5,431</u>	<u>2,485</u>
Net change in cash and cash equivalents	<u><u>\$ (37,805)</u></u>	<u><u>\$ (548,218)</u></u>

The indirect administrative support reported as nonoperating revenue on the Statements of Revenues, Expenses, and Changes in Net Position estimates the value of facilities and services the station received from the university. The station determined its value according to CPB guidelines. It is absent from the Statements of Cash Flows because it is non-cash support.

CAPITAL ASSETS

Wichita State University and KMUW invested in a new broadcast facility in the Old Town area of downtown Wichita, with station personnel and operations moving April 25, 2016. There were no additional investments in capital assets in FY2024 or FY2023.

ECONOMIC ENVIRONMENT

Summary

In FY2024, KMUW experienced revenue challenges due to economic conditions, including inflation and high interest rates. These factors affected corporate support and individual giving. The costs for producing non-profit journalism increased from networks, and the talent shortage forced higher salaries, along with the unfunded mandates to implement the University's new compensation plan and the State of Kansas' cost of living increases. In FY2024, any remaining ARPA, CPB, and state COVID funding ran out after somewhat artificially inflating revenue numbers for the previous few years.

These conditions led the entire public broadcasting industry into a tailspin, leading to hundreds of layoffs and across-the-board deficits, including a \$30 million budget shortfall at KMUW's flagship network, National Public Radio (NPR). KMUW closing the fiscal year in the red was not a surprise, given the economic climate and challenges the journalism industry faces. It will require quick work to turn it around in the coming year as much as possible to begin paying off the \$158,000 loan from WSU by FY2026 and cover the deficit. The prolonged absence of the General Manager following the sudden passing of the GM's spouse was also a significant contributing factor.

Despite the looming economic challenges, KMUW was honored for the 11th year in a row as Radio Station of the Year by the Kansas Association of Broadcasters. While management remained transparent with station staff about economic stresses, the robust firewall between administration and news reporting held strong. It resulted in a year of news coverage, including more investigative and solutions-based journalism that genuinely affects public policy.

Revenue

The station's overall combined revenue for individual giving and corporate sponsorship was down by about \$100,000, and expenses were also down by the same amount. Thus, cost-saving measures are working and will continue to, including frozen travel and eliminating positions through attrition.

We expect additional fundraising strategies and activities to increase individual giving. Corporate sponsorship is much harder to gauge as caution in spending continues with local for-profit and non-profit organizations in the area, with many businesses citing the presidential election as a determinant of future spending. The work of FY2024 has positioned KMUW to have the opportunity to focus on major donors after completing a few years of restructuring the other fundraising areas. The strong groundwork and planning will allow leadership to spend less time on membership and corporate giving and more on major individual donors and grant applications moving forward.

Community Engagement

KMUW assisted 113 local non-profits with media sponsorships to tell the community about their services, a value of nearly \$200,000 in broadcast airtime. In FY2024, KMUW's Media Sponsorship program focused on six categories: Community Service, Education, Health, Arts, Culture, Journalism, and Underserved Communities. We also provide a popular online calendar for non-profits to post events.

KMUW hosted its first adult spelling bee event as a fundraiser and engagement opportunity. The debut year of "You're Spelling It Wrong" resulted in a profit from sponsors, donations, ticket sales, and merchandise. We're planning another event for FY2025.

KMUW also helped kick off the Wichita Documenters program in FY2024, which pays residents to attend and take notes at meetings to share with media partners. KMUW continues to be active in the Wichita Journalism Collaborative, and beyond our journalists participating, we now have two staff helping plan journalism engagement events for the WJC.

Community News Content

The record number of awards bestowed upon KMUW on the state, regional, and national levels continues to reflect the quality of work among KMUW reporters. The entire team is also dedicated to the KMUW NewsLab program to train future journalists in partnership with the WSU Elliott School of Communication. Eight student interns benefitted from this program in the fiscal year, two in our Spanish language news program that produces the weekly news podcast *Radio Real: Las Noticias en Espanol de Wichita y Kansas*.

The Korva Coleman Journalism Internship continued partnering with the Society of Professional Journalists in the summer. In FY2024, KMUW received more applicants than before, some from all over the country and some from other parts of the world. This program remains the only one in the country that involves local newsroom immersion and mentorship from a professional NPR broadcast journalist. Korva Coleman came to Wichita

in FY2024 to help raise awareness and funding for the program. She also spoke to a large group of high school students in the KMUW lobby about how to pursue a future in communications.

KMUW also unveiled a new community news podcast called *Wichita's Early Edition*. The listenership immediately went higher than most of our other 13 podcasts. It summarizes the day's news in 15 minutes or less five days a week. It won a statewide award from the Kansas Association of Broadcasters for Complete Newscast.

KMUW received 24 statewide honors for news, commentary, public affairs, website, and multimedia digital reporting. In addition, in this five-state region, the station received two Edward R. Murrow Awards for investigative coverage and sports reporting. On the national level, our health coverage and student journalism received honors from the Public Media Journalists Association.

Closing Statement

Unsurprisingly, community response and kudos for KMUW's work in non-profit journalism and engagement are at an all-time high. The station has an incredibly talented staff, and this industry relies on identifying and nurturing talent in the right areas at the right time. KMUW could not be stronger in providing educational training and mentorship to future journalists.

In recent years, KMUW has hired two WSU NewsLab interns with excellent results. KMUW is a valuable resource that the community and University can be proud of. In 2024, KMUW became the only NPR affiliate in southcentral Kansas. Whereas there have been two NPR affiliates for decades, the other affiliate could no longer afford the rising NPR costs, not just the fees but also the equipment required to get it onto the radio and broadcast to a 100-mile radius. This development may grow into an advantage in fundraising in the future. The shift is too recent to know, but the fact that it occurred shows the delicate and critical need for KMUW's service to the community.

KMUW keeps a close eye on program performance based on Nielsen audience information. Leadership is carefully weighing the cost of a national program as it relates to the audience it attracts. We have already made several cuts. The station reduced staff by 12% through attrition and discontinued the outreach engagement program Engage ICT. Any further reductions would significantly change the products and quality of content KMUW provides for the community and the University.

This would be a more significant detriment to the listening area than most would recognize as the reduction in other local news sources continues, and many other media outlets use KMUW's trusted content to keep the public informed. Meanwhile, staff members have stepped up and learned new skills and are committed to maintaining a strong product and community presence.

A potentially hopeful turning point in the coming year is that the Wichita State University Foundation and Alumni Engagement could begin assisting KMUW with major donor fundraising in FY2025. The year ahead holds many creative and economic opportunities. KMUW looks forward to meeting the challenges with enthusiasm.

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

KMUW-FM Radio
121 N. Mead
Suite 200
Wichita, KS 67202
316-978-6789

KMUW-FM Radio
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STATEMENTS OF NET POSITION

June 30,

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 203,821	\$ 241,626
Investments	103,772	101,027
Receivables		
Member pledges	266,246	264,618
Program sponsorships	43,189	41,472
Prepaid expenses	<u>107,776</u>	<u>81,581</u>
Total current assets	<u>724,804</u>	<u>730,324</u>
Noncurrent assets		
Capital assets, net of depreciation	<u>259,313</u>	<u>353,875</u>
Total assets	<u>\$ 984,117</u>	<u>\$ 1,084,199</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 263,056	\$ 242,929
Loan from University	250,000	-
Advance from Kansas Department of Commerce	164,879	-
Deferred underwriting revenue	<u>13,727</u>	<u>6,210</u>
Total current liabilities	<u>691,662</u>	<u>249,139</u>

NET POSITION

Investment in capital assets	259,313	353,875
Unrestricted	<u>33,142</u>	<u>481,185</u>
Total net position	<u>292,455</u>	<u>835,060</u>
Total liabilities and net position	<u>\$ 984,117</u>	<u>\$ 1,084,199</u>

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

KMUW-FM Radio
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30,

	<u>2024</u>	<u>2023</u>
Operating revenues		
Memberships and sponsorships	\$ 1,224,381	\$ 1,287,623
Major gifts and bequests	316,691	381,366
CPB community service grants	206,750	209,573
CPB - other grants	-	10,000
KPBC operating grants	41,661	39,383
ARPA grant	64,121	-
Other grants	46,700	10,991
In-kind contributed support	226,044	262,977
Other	<u>25,548</u>	<u>7,199</u>
Total operating revenues	<u>2,151,896</u>	<u>2,209,112</u>
Expenses		
Program services		
Programming and production	1,494,502	1,537,218
Broadcasting and engineering	350,094	308,369
Program information and promotion	212,511	348,456
Supporting services		
Management and general	730,908	737,379
Fundraising and membership development	493,440	468,544
Underwriting and grant solicitation	<u>308,563</u>	<u>322,016</u>
Total expenses	<u>3,590,018</u>	<u>3,721,982</u>
Operating loss	<u>(1,438,122)</u>	<u>(1,512,870)</u>
Nonoperating revenues		
Support from Wichita State University		
Appropriations - station operations	515,190	419,897
Indirect administrative support	330,318	345,652
Utilities	41,834	46,227
Investment earnings (loss)	<u>8,175</u>	<u>3,905</u>
Total nonoperating revenues	<u>895,517</u>	<u>815,681</u>
Change in net position	<u>(542,605)</u>	<u>(697,189)</u>
Net position at beginning of year	<u>835,060</u>	<u>1,532,249</u>
Net position at end of year	<u>\$ 292,455</u>	<u>\$ 835,060</u>

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

KMUW-FM Radio
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STATEMENTS OF CASH FLOWS

For the years ended June 30,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Memberships, sponsorships, and gifts	\$1,228,553	\$ 1,320,125
Grants and contributions	840,802	655,148
Other	25,548	7,199
Payments to employees for services	(2,176,476)	(2,171,405)
Payments to suppliers for goods and services	<u>(726,852)</u>	<u>(784,507)</u>
Net cash used in operating activities	<u>(808,425)</u>	<u>(973,440)</u>
Cash flows from noncapital financing activities		
Appropriations	515,189	422,737
Loan from University	<u>250,000</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>765,189</u>	<u>422,737</u>
Cash flows from investing activities		
Investment earnings (loss)	8,175	3,905
Change in pooled investments	<u>(2,744)</u>	<u>(1,420)</u>
Net cash provided by investing activities	<u>5,431</u>	<u>2,485</u>
Net change in cash and cash equivalents	(37,805)	(548,218)
Cash and cash equivalents at beginning of year	241,626	789,844
Cash and cash equivalents at end of year	<u>\$ 203,821</u>	<u>\$ 241,626</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$(1,438,122)	\$(1,512,870)
Adjustments to reconcile operating loss to net cash used in operating activities		
Indirect administrative support and utilities provided by Wichita State University	372,152	391,879
Depreciation	94,562	95,418
Changes in assets and liabilities		
Accounts receivable	(3,345)	32,770
Prepaid expenses	(26,195)	(8,086)
Accounts payable and accrued liabilities	20,127	23,883
Deferred underwriting revenue	7,517	3,566
Advance from Kansas Department of Commerce	<u>164,879</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (808,425)</u>	<u>\$ (973,440)</u>

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

KMUW-FM Radio

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NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF ACCOUNTING POLICIES

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

1. Reporting entity

KMUW-FM Radio (KMUW) is operated by Wichita State University (the University). 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.

KMUW 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.

2. Measurement focus and basis of accounting

KMUW prepares its financial statements as a business-type activity in conformity with applicable pronouncements of Governmental Accounting Standards Board (GASB). Accordingly, KMUW'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.

3. 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.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

4. Cash and cash equivalents

Cash and cash equivalents consist of pooled cash accounts on deposit with both the University and the Wichita State University Foundation (Foundation). KMUW considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. Investments

Investments consist of pooled investments held at the Foundation and are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

Investment earnings (losses) consist of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

6. Receivables

Receivables consist of pledges, unpaid program sponsorships, and contributions and grants receivable. Unpaid pledges at year-end are reduced by 10 percent in anticipation of some pledges not being fulfilled. Pledge reductions were \$29,583 and \$29,402 for the years ended June 30, 2024 and 2023, respectively. Program sponsorships, contributions and grants receivable at June 30, 2024 and 2023 are considered to be fully collectible. Past due accounts determined not to be collectible by management are charged off to expense.

7. Capital assets

Capital assets with a value equal or greater than \$5,000 are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of contributed assets. Other equipment valued at less than \$5,000 is reported as expense in the year of purchase or donation. Equipment is depreciated over its estimated useful life of 5 to 8 years, building improvements are depreciated over 40 years and leasehold improvements are depreciated over the shorter of the asset life or term of the lease. Expenditures for repairs and maintenance which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

8. Net position

Net position of KMUW 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.
- 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. KMUW did not have any restricted - nonexpendable net position at June 30, 2024 and 2023.
- Restricted – expendable net position includes resources for which KMUW is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. KMUW did not have any restricted - expendable net position at June 30, 2024 and 2023.

9. Operating revenues and expenses

KMUW'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. Wichita State University support is reported as nonoperating revenues. Operating expenses are all expenses incurred in the management, scheduling, and broadcasting of radio programs.

10. 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. KMUW had 145 and 156 major individual donors for the years ended June 30, 2024 and 2023, respectively.

11. 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. Grants paid in advance are included in the advance from Kansas Department of Commerce in the statement of net position until the expenditures have been incurred.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

12. Deferred underwriting revenue

Deferred revenue represents underwriting contracts for which KMUW has not met all of the applicable eligibility requirements, and receipts for sponsorships of future programming.

13. In-kind contributed support

The estimated fair value of donated materials and supplies is recorded as revenue and expense in the period when the items are received.

14. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited using methods estimated to be reasonable by management.

15. Indirect administrative support

KMUW occupies, without charge, certain premises located in and owned or leased by the State of Kansas. The station's separate financial statements reflect, as nonoperating revenue and operating expense of an equal amount, indirect administrative support provided by the University. In addition to contributed facilities, such support includes direct and indirect expenses incurred by the University in support of station operations. The value of contributed facilities and administrative support is determined in accordance with CPB guidelines, which approximates fair value, and is reported and recognized in the period when the premises are used. Indirect administrative support was valued at \$330,318 and \$345,652 for the years ended June 30, 2024 and 2023, respectively.

16. Risk management

Wichita State University (and KMUW) is exposed to various risks of loss related to 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 A - SUMMARY OF ACCOUNTING POLICIES - continued

17. Income taxes

KMUW is exempt from federal income taxes under Wichita State University's exemption as a governmental instrumentality under Section 115 of the Internal Revenue Code on income related to its exempt purpose.

NOTE B - OWNERSHIP, CONTROL AND MANAGEMENT

KMUW is managed and controlled by Wichita State University. All land and structures pertinent to the operation of the station are owned or leased 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 with the Foundation, related parties, as follows as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
University	\$ 98,723	\$ 179,989
Foundation	105,098	61,637
Total balances on deposit	<u>\$ 203,821</u>	<u>\$ 241,626</u>

Custodial credit risk is the risk that in the event of a failure of a custodian, KMUW's deposits may not be returned to it. At June 30, 2024 and 2023, \$105,098 and \$61,637, respectively, of KMUW's deposit balances were exposed to custodial credit risk. To minimize custodial risk, KMUW considers the financial strength of its depository relationships.

Investments

KMUW 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. KMUW's investments have been included in a pooled investment account owned and managed by the Foundation.

At June 30, KMUW had the following investments:

	<u>2024</u>	<u>2023</u>
Pooled investments (managed by the Foundation)	<u>\$ 103,772</u>	<u>\$ 101,027</u>

NOTE C - DEPOSITS AND INVESTMENTS - continued

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 KMUW 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. KMUW requires investments to be maintained in accordance with the Foundation investment policy.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, KMUW 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 Foundation are held by the investments' counterparty, not in the name of KMUW.

NOTE D - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. KMUW uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, KMUW measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available. There were no assets measured utilizing level 3 inputs as of June 30, 2024 and 2023.

Fair values of assets measured on a recurring basis are as follows:

Fair Value Measurements at Reporting Date Using:							
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	(Level 1)	(Level 2)	(Level 3)
<u>June 30, 2023</u>							
Pooled investments	\$ 103,772	\$ -	\$ 103,772	\$ -			
<u>June 30, 2022</u>							
Pooled investments	\$ 101,027	\$ -	\$ 101,027	\$ -			

NOTE D - FAIR VALUE MEASUREMENTS - continued

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

NOTE E - ECONOMIC DEPENDENCY

As disclosed in Note A, KMUW is operated by Wichita State University from which the station receives substantial financial support. KMUW also receives substantial financial support from its members and contributors. Should a significant reduction in support from either source occur, KMUW operations would be adversely effected.

NOTE F - PENSION PLAN

Wichita State University maintains a qualified deferred compensation plan under section 403(b) of the Internal Revenue Code. The plan is a defined contribution plan. Under the plan, employees are required to defer 5.5% of their compensation after one year of service and the station contributes an additional 8.5%. KMUW's contributions to this plan totaled \$130,676 and \$116,220 for the years ended June 30, 2024 and 2023.

NOTE G - CAPITAL ASSETS

Capital assets consist of the following:

	June 30, 2023	Additions	Deletions	June 30, 2024
Broadcasting equipment	\$ 991,824	\$ -	\$ -	\$ 991,824
Leasehold improvements	778,766	-	-	778,766
Accumulated depreciation	(1,416,715)	(94,562)	-	(1,511,277)
Net capital assets	<u>\$ 353,875</u>	<u>\$ (94,562)</u>	<u>\$ -</u>	<u>\$ 259,313</u>
	June 30, 2022	Additions	Deletions	June 30, 2023
Broadcasting equipment	\$ 991,824	\$ -	\$ -	\$ 991,824
Leasehold improvements	778,766	-	-	778,766
Accumulated depreciation	(1,321,297)	(95,418)	-	(1,416,715)
Net capital assets	<u>\$ 449,293</u>	<u>\$ (95,418)</u>	<u>\$ -</u>	<u>\$ 353,875</u>

NOTE H – FACILITIES

The University leases space occupied by KMUW as its primary broadcast facility. The lease is for a five-year period commencing July 1, 2015, with a renewal option for an additional five year period. The lease calls for fixed rent payable in monthly installments of \$5,000 per month plus additional rent for certain operating costs and parking fees. Total rent paid for the years ended June 30, 2024 and 2023, including additional rent, amounted to \$95,710 and \$87,577, respectively. This support from the University is reflected within indirect administrative support.

NOTE I - RELATED PARTY TRANSACTIONS

Certain assets related to endowed funds were transferred to the Foundation for management in accordance with a management services agreement. Cash and certain investments were combined with Foundation accounts. The amount of assets included in the statements of net position, consisting of deposits and pooled investments, with the Foundation totaled \$208,870 and \$162,664 at June 30, 2024 and 2023, respectively.

The University provided indirect administrative support, as referenced in Note A, appropriations, and utilities in support of station operations. For the year ended June 30, 2024, total appropriations and utilities were \$515,190 and \$41,834, respectively. For the year ended June 30, 2023, total appropriations and utilities were \$419,897 and \$46,227, respectively.

NOTE J – LOAN FROM UNIVERSITY

During the year that ended June 30, 2024, the station received \$250,000 from the University to support station salaries for the remainder of the fiscal year, with the loan to be repaid over the three subsequent fiscal years. The agreement may be terminated at any time at the discretion of the President or Provost of the University.

NOTE K – SUBSEQUENT EVENTS

Effective September 10, 2024, in return for services provided by the station, the University reduced the debt to \$158,000 to be repaid in three installments of \$48,000, \$55,000, and \$55,000 in fiscal years 2025, 2026, and 2027, respectively. The loan may be terminated at any time at the university president's or provost's discretion, and earlier repayment is encouraged, if possible.

Management of KMUW has evaluated subsequent events through January 13, 2025, the date the financial statements were available to be issued.

Other Supplementary Information

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

	Program services			Supporting services				Grand Total
	Programming and production	Broadcasting and engineering	information and promotion	Total program services	Management and general	Fundraising and membership development	Underwriting and grant solicitation	
Salaries and benefits	\$ 1,015,950	\$ 129,127	\$ 155,927	\$ 1,301,004	\$ 361,824	\$ 211,120	\$ 304,503	\$ 877,447 \$ 2,178,451
Programming provider fees								
National Public Radio	309,062	12,460	-	321,522	-	-	-	321,522
American Public Media	67,074	-	-	67,074	-	-	-	67,074
Public Radio Exchange	18,619	-	-	18,619	-	-	-	18,619
New York Public Radio	18,516	-	-	18,516	-	-	-	18,516
Indirect administrative support	-	-	-	-	330,318	-	330,318	330,318
Depreciation	-	94,562	-	94,562	-	-	-	94,562
Other	<u>65,281</u>	<u>113,945</u>	<u>56,584</u>	<u>235,810</u>	<u>38,766</u>	<u>282,320</u>	<u>4,060</u>	<u>325,146</u>
Total	<u><u>\$ 1,494,502</u></u>	<u><u>\$ 350,094</u></u>	<u><u>\$ 212,511</u></u>	<u><u>\$ 2,057,107</u></u>	<u><u>\$ 730,908</u></u>	<u><u>\$ 493,440</u></u>	<u><u>\$ 308,563</u></u>	<u><u>\$ 1,532,911</u></u>
								<u><u>\$ 3,590,018</u></u>

KMUW-FM Radio
 (A public telecommunications entity operated
 by Wichita State University, a component
 unit of the State of Kansas)

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program services				Supporting services				<u>Grand Total</u>
	<u>Programming and production</u>	Broadcasting and engineering	information and promotion	Total program services	Management and general	Fundraising and membership development	Sponsorship and grant solicitation	Total supporting services	
Salaries and benefits	\$ 979,149	\$ 116,478	\$ 250,410	\$ 1,346,037	\$ 334,285	\$ 223,450	\$ 291,258	\$ 848,993	\$ 2,195,030
Programming provider fees									
National Public Radio	305,898	12,340	-	318,238	-	-	-	-	318,238
American Public Media	65,120	-	-	65,120	-	-	-	-	65,120
Public Radio Exchange	41,453	-	-	41,453	-	-	-	-	41,453
New York Public Radio	17,804	-	-	17,804	-	-	-	-	17,804
Indirect administrative support	-	-	-	-	345,652	-	-	345,652	345,652
Depreciation	-	95,418	-	95,418	-	-	-	-	95,418
Other	<u>127,794</u>	<u>84,133</u>	<u>98,046</u>	<u>309,973</u>	<u>57,442</u>	<u>245,094</u>	<u>30,758</u>	<u>333,294</u>	<u>643,267</u>
Total	<u>\$ 1,537,218</u>	<u>\$ 308,369</u>	<u>\$ 348,456</u>	<u>\$ 2,194,043</u>	<u>\$ 737,379</u>	<u>\$ 468,544</u>	<u>\$ 322,016</u>	<u>\$ 1,527,939</u>	<u>\$ 3,721,982</u>

EL DORADO	117 W. CENTRAL AVE.	EL DORADO, KS 67042-2105	316-321-1150
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