

**KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
Jonesboro, Arkansas**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2024 and 2023

**WIDNER-PENTER COMPANY, P.A.
JONESBORO, ARKANSAS**

KASU (FM) RADIO
A Public Telecommunications Entity
Operated by Arkansas State University

CONTENTS

| | |
|---|-------|
| Independent Auditors' Report..... | 1-3 |
| Management's Discussion & Analysis | 4-6 |
| Financial Statements | |
| Statement of Net Position | 7 |
| Statement of Revenues, Expenses and Changes in Net Position | 8 |
| Statement of Cash Flows | 9-10 |
| Notes to Financial Statements | 11-20 |



**WIDNER-PENTER
COMPANY, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

Barbara J. Widner, CPA

Julienne P. Penter, CPA

INDEPENDENT AUDITORS' REPORT

Board of Trustees of Arkansas State University
KASU (FM) Radio
Jonesboro, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KASU (FM) Radio (the Radio Station), a public telecommunications entity operated by Arkansas State University, which comprise the statements of net position as of June 30, 2024 and 2023, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Radio Station as of June 30, 2024 and 2023, and the changes in its financial position 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Station 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 opinion.

Emphasis of Matter

As discussed in Note A, the financial statements of KASU (FM) Radio are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of Arkansas State University that is attributable to the transactions of KASU (FM) Radio. They do not purport to, and do not, present fairly the financial position of Arkansas State University, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year 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.

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Members: American Institute of Certified Public Accountants and Members: Arkansas Society of Certified Public Accountants

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 the Station'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 Responsibility 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 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 generally accepted 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Station'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station'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.

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 three through six 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.

Widner-Penter Company, P.A.

Widner-Penter Company, P.A.

Jonesboro, AR
January 10, 2025

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For years ended June 30, 2024 and 2023

Introduction and Reporting Entity

The following discussion and analysis of KASU (FM) Radio (hereafter referred to as the Station) is an overview of the financial position activities for the years ended June 30, 2024 and 2023. This discussion has been prepared by management and it should be read in conjunction with the financial statements and related footnotes which follow this section.

The Station is a full power radio station operated by and located on the campus of Arkansas State University. KASU is Arkansas' oldest non-commercial educational radio station. It is on the air 24 hours a day and operates at 100,000 watts on a frequency of 91.9 FM. The Station is a member of National Public Radio and also offers programming from other public media providers such as American Public Media and Public Radio Exchange (PRX).

Overview of the Financial Statements

KASU's financial statements present only the financial information of the Station. These financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, and subsequently amended by Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The Statement of Net Position includes assets, liabilities and net position of the Station as of June 30, 2024 and 2023. This statement is classified into current and noncurrent assets and liabilities, and net position. The Statement of Revenues, Expenses and Changes in Net Position depicts the operating revenues and expenses resulting in net operating income (loss), which is then combined with nonoperating revenues (expenses) to provide the total change in net position. The Statement of Cash Flows presents the sources and uses of cash flows from operations, cash flows from noncapital financing activities, cash flows from capital and related financing activities and cash flows from investing activities. The financial statements also include note disclosures that provide additional detailed data.

Financial Highlights

- The Station's total assets decreased by \$67,294, or 6.1% and net position decreased \$1,525 or 0.2%
- Total operating revenues increased by \$1,921, and operating expenses increased by \$70,746.
- Total nonoperating income increased by \$54,639.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For years ended June 30, 2024 and 2023

Financial Analysis of the Statements

The Station's condensed financial statements are presented below for years ended June 30, 2024 and 2023.

Condensed Statements of Net Position

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|---------------------|---------------------|
| Assets: | | |
| Current assets | \$ 677,306 | \$ 738,916 |
| Restricted assets | 131,573 | 121,165 |
| Capital assets, net | 230,552 | 246,644 |
| Total assets | <u>1,039,431</u> | <u>1,106,725</u> |
| Liabilities: | | |
| Accrued expenses | - | 30 |
| Unearned grant revenue | 177,474 | 243,213 |
| Total Current Liabilities | <u>177,474</u> | <u>243,243</u> |
| Net Position: | | |
| Net investment in capital assets | 230,552 | 246,644 |
| Unrestricted | 499,832 | 495,673 |
| Restricted, endowment | | |
| Nonexpendable | 6,500 | 6,500 |
| Expendable | 125,073 | 114,665 |
| Restricted by donor purpose | - | - |
| Net position | <u>861,957</u> | <u>863,482</u> |
| Total net position | <u>\$ 1,039,431</u> | <u>\$ 1,106,725</u> |

Condensed Statements of Revenues, Expenses and Changes in Net Position

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|-------------------|
| Operating revenues | \$ 369,093 | \$ 367,172 |
| Operating expenses | <u>(1,055,653)</u> | <u>(984,907)</u> |
| Operating income (loss) | (686,560) | (617,735) |
| Direct and indirect university and administrative support | 669,104 | 620,272 |
| Other Foundation investment income (loss) | 5,523 | - |
| Endowment investment income (loss) | 10,408 | 10,124 |
| Net nonoperating revenues (loss) | <u>685,035</u> | <u>630,396</u> |
| Changes in net position | (1,525) | 12,661 |
| Net position, beginning of year | 863,482 | 850,821 |
| Net position, end of year | <u>\$ 861,957</u> | <u>\$ 863,482</u> |

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For years ended June 30, 2024 and 2023

Financial Analysis of the Statements (continued)

Condensed Statements of Cash Flows

| | <u>2024</u> | <u>2023</u> |
|---|--------------|--------------|
| Net cash flows used in operating activities | \$ (471,724) | \$ (386,103) |
| Net cash flows provided by noncapital financing activities | 477,279 | 407,617 |
| Net cash flows used in capital and related financing activities | (5,555) | (21,514) |
| Net increase (decrease) in cash and cash equivalents | 0 | 0 |
| Cash and cash equivalents, beginning of year | 0 | 0 |
| Cash and cash equivalents, end of year | 0 | 0 |

Current assets consist of accounts receivable and grants unexpended. Noncurrent assets include restricted assets, consisting of endowments, as well as depreciable and non-depreciable capital assets. Capital assets are presented net of accumulated depreciation of \$1,181,401 and \$1,159,754 at June 30, 2024 and 2023, respectively.

Operating revenues for the fiscal year ended June 30, 2024 consist primarily of community service grants of \$145,902, CPB grants of \$65,740, and contributed support of \$157,451. Operating expenses for the year ended June 30, 2024 consist of broadcasting totaling \$158,947, programming and production of \$417,273, program information and promotion of \$25,869, fundraising in the amount of \$17,895, underwriting of \$58,119, management and general totaling \$355,903, and depreciation of \$21,647. Nonoperating revenues consist of direct and indirect appropriations from Arkansas State University totaling \$462,755 and \$206,349, respectively, along with combined other Foundation investment income totaling \$5,523 and endowment income totaling \$10,408, net of related investment expense.

Economic Factors Affecting Future Periods

Appropriation decisions by the United States Congress may impact grants from the Corporation for Public Broadcasting which in turn, may impact the Station's budget for programming and operational expenses. Changing economic conditions may also impact the Station's fundraising efforts, including uncertainty arising from current market environments and inflation.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of KASU (FM) Radio's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

KASU (FM) Radio
P.O. Box 2160
State University, AR 72467

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2024 and 2023

ASSETS

| | 2024 | 2023 |
|--|---------------------|---------------------|
| CURRENT ASSETS | | |
| Accounts receivable | \$ 375,766 | \$ 390,290 |
| Grants unexpended | 301,540 | 348,626 |
| TOTAL CURRENT ASSETS | <u>677,306</u> | <u>738,916</u> |
| NONCURRENT ASSETS | | |
| Restricted endowment | 131,573 | 121,165 |
| Capital assets | | |
| Transmission, antenna and tower property and equipment | 909,246 | 909,246 |
| Studio and other broadcast equipment | 357,865 | 352,310 |
| Furniture and fixtures | 144,842 | 144,842 |
| Less accumulated depreciation | (1,181,401) | (1,159,754) |
| Net capital assets | <u>230,552</u> | <u>246,644</u> |
| TOTAL NONCURRENT ASSETS | <u>362,125</u> | <u>367,809</u> |
| TOTAL ASSETS | <u>\$ 1,039,431</u> | <u>\$ 1,106,725</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accrued expenses | \$ - | \$ 30 |
| Unearned grant revenue | 177,474 | 243,213 |
| TOTAL CURRENT LIABILITIES | <u>177,474</u> | <u>243,243</u> |
| NET POSITION | | |
| Net investment in capital assets | 230,552 | 246,644 |
| Restricted for endowment | | |
| Nonexpendable | 6,500 | 6,500 |
| Expendable | 125,073 | 114,665 |
| Restricted by donor purpose | - | - |
| Unrestricted | <u>499,832</u> | <u>495,673</u> |
| TOTAL NET POSITION | <u>861,957</u> | <u>863,482</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 1,039,431</u> | <u>\$ 1,106,725</u> |

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

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|--|-------------------|------------------|
| OPERATING REVENUES | | |
| Community Service grants | \$ 145,902 | \$ 159,963 |
| CPB CARES Stabilization Act grant | 12,480 | 889 |
| CPB American Rescue Act grant | 53,260 | 52,258 |
| Foundation contributions | 146,405 | 154,062 |
| NPR Network funds | 3,943 | - |
| Music events and promotion | 6,020 | - |
| Other contributions | 1,083 | - |
| Donated personal services | - | - |
| TOTAL OPERATING REVENUES | <u>369,093</u> | <u>367,172</u> |
| OPERATING EXPENSES | | |
| Program Services | | |
| Local programming and production | 417,273 | 464,077 |
| Broadcasting | 158,947 | 115,385 |
| Program information and promotion | 25,869 | - |
| Total Program Services | <u>602,089</u> | <u>579,462</u> |
| Supporting Services | | |
| Management and general | 355,903 | 320,668 |
| Fundraising | 17,895 | 3,671 |
| Underwriting | 58,119 | 54,046 |
| Total Supporting Services | <u>431,917</u> | <u>378,385</u> |
| Depreciation | 21,647 | 27,060 |
| TOTAL OPERATING EXPENSES | <u>1,055,653</u> | <u>984,907</u> |
| OPERATING INCOME (LOSS) | <u>(686,560)</u> | <u>(617,735)</u> |
| NON OPERATING REVENUES | | |
| General appropriations from Arkansas State University | 462,755 | 419,688 |
| Indirect administrative support from Arkansas State University | 206,349 | 200,584 |
| Other Foundation investment income (loss) | 5,523 | - |
| Endowment investment income (loss) | 10,408 | 10,124 |
| TOTAL NON OPERATING REVENUES | <u>685,035</u> | <u>630,396</u> |
| CHANGES IN NET POSTION | (1,525) | 12,661 |
| NET POSITION, BEGINNING OF YEAR | 863,482 | 850,821 |
| NET POSITION, END OF YEAR | <u>\$ 861,957</u> | <u>863,482</u> |

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

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 and 2023

| | 2024 | 2023 |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Grants | \$ 192,989 | \$ 217,069 |
| Foundation contributions | 162,944 | 154,091 |
| Other grants and funds | - | - |
| Payments for programming and production | (417,273) | (464,077) |
| Payments for broadcasting | (158,947) | (115,385) |
| Payments for program information and promotion | (25,869) | - |
| Payments for fundraising | (17,895) | (3,671) |
| Payments management and general | (149,554) | (120,084) |
| Payments for underwriting | (58,119) | (54,046) |
| Net Cash Used In Operating Activities | (471,724) | (386,103) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| General appropriations from Arkansas State University | 477,279 | 407,617 |
| Net Cash Provided By Noncapital Financing Activities | 477,279 | 407,617 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital foundation contributions | - | - |
| Payments for construction in progress placed in service | - | - |
| Purchase of equipment | (5,555) | (21,514) |
| Net Cash Used In Capital and Related Financing Activities | (5,555) | (21,514) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 0 | 0 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 0 | 0 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 0 | \$ 0 |

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

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ (686,560) | \$ (617,735) |
| Adjustments to reconcile changes in net position to net cash used in operating activities: | | |
| Depreciation | 21,647 | 27,060 |
| Operating expenses provided by general appropriations | 197,348 | 212,655 |
| Changes in accounts receivable | 61,610 | 45,035 |
| Changes in accounts payable | (30) | 30 |
| Changes in unearned grant revenue | <u>(65,739)</u> | <u>(53,148)</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$ (471,724)</u> | <u>\$ (386,103)</u> |

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

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KASU (FM) Radio (the Station) is a public telecommunications entity operated by Arkansas State University. The Station's primary functions are to promote and establish noncommercial educational telecommunications facilities within Arkansas State University and to provide transmission facilities for noncommercial educational telecommunications programs throughout the State and surrounding area.

Basis of Presentation

The financial statements of KASU (FM) Radio have been prepared in conformity with accounting principles generally accepted in the United States of America and all applicable statements prescribed by the Governmental Accounting Standards Board (GASB). Additionally, the financial statements have been prepared to satisfy the requirements of the Corporation for Public Broadcasting (the CPB), as outlined in the "Supplemental Guide" published by the CPB.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the full scope of the Station's activities is considered to be a single business-type activity. Accordingly, the financial statements of the Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has occurred. In accordance with the business-type activity reporting model, the Station prepares its statement of cash flows using the direct method.

Restricted Endowments

Endowments that are externally restricted, by time or purpose, are classified in the financial statements as nonexpendable or expendable restricted assets. Endowment funds held by the Arkansas State University Foundation, on behalf of the Station, are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

KASU Radio is the recipient of an endowment fund established by the Charles Preston Winters Foundation. Under the terms of the agreement, the income may be used to provide funds for radio programming. Any such earnings will be distributed in accordance with the spending policy established by the Arkansas State University Foundation. The market value of the endowment as of June 30, 2024 and 2023 was \$131,573 and \$121,165, respectively. Investment income includes dividend and interest income and the net change from the year in the fair value of investments.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded at cost or, for donated property, at an estimated fair value determined as of the date of receipt. Depreciation is calculated by applying the straight-line method over the estimated useful lives of individual assets, which range from 5 to 25 years. Routine repairs and maintenance are charged to operating expenses in the year in which the costs are incurred.

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. There is no debt outstanding at June 30, 2024 or 2023. 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.

Restricted net position, nonexpendable – Nonexpendable restricted net position represents amounts in which donors or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.

Restricted net position, expendable – Expendable restricted net position includes resources of which the Station is legally or contractually obligated to spend in accordance with time or purpose restrictions imposed by external third parties.

Unrestricted net position – Unrestricted net position represents resources derived from underwriting, sales and other sources. These funds are used for transactions relating to general operations of the Station, and may be used at the discretion of the governing board to meet current expenses or other purposes.

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

Revenue and Expense Recognition

The Station classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Expense Recognition (continued)

Operating revenues and expenses generally result from services provided in connection with the Station's principal ongoing operations and are reported as revenue when eligibility requirements have been met. Operating revenues include activities that have characteristics of exchange transactions, such as grants, underwriting, and private gifts and are recorded when incurred. Operating expenses are all expense transactions incurred other than those related to capital or investing activities.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions. Revenues from non-exchange transactions, such as transfers from internal departments and investment income, are considered nonoperating as a result of investing, capital or noncapital financing activities. Significant revenues relied upon for operations, such as general appropriations, donated facilities and administrative support from the University, contributions from a capital campaign, and investment income are recorded as nonoperating revenue.

Unearned Revenue

Unearned revenue consists of amounts received as grants or contracts that have not yet been earned under the terms of the agreement.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Station considers all highly liquid cash investments with a maturity of three months or less to be cash equivalents. For financial statement purposes, funds are held by Arkansas State University and the Foundation on behalf of the Station.

Foundation Contributions

KASU (FM) Radio receives support from the Arkansas State University Foundation (the Foundation), a nonprofit entity operated independently of the University for the express purpose of receiving and disbursing private gifts and donations made to the various departments and programs of the University. The Foundation invests these funds for the beneficiary department or program. The ASU Foundation received solicited contributions totaling \$157,451 from contributors in 2024 and \$154,062 in 2023 who designated their gifts to be used by KASU (FM) Radio. Of the contributions received in 2023, in-kind marketable securities donations recorded at fair market value, based on the sale of donated assets, totaled \$1,515. Other Foundation investment income of \$5,523 was earned in the year ended June 30, 2024. Endowment investment income of \$10,408 was earned in the year ended June 30, 2024, and \$10,124 was earned in the year ended June 30, 2023. The Station's receivable balance from the Foundation as of June 30, 2024 and 2023 was \$375,766 and \$390,290, respectively.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

In-kind contributions of fees and/or expenses of professionals or consultants, who are not employees of the Station and are engaged as independent contractors for specific services on a fee or other individual contract basis, are recorded at their fair market value in the financial statements. In-kind services totaled \$0 for the years ended June 30, 2024, and June 30, 2023.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

Concentration of Credit Risk

The Station's significant revenue sources, and corresponding receivables, are grants and contributions originating from corporations, foundations and government agencies. At June 30, 2024, \$375,766 was receivable from the Arkansas State University Foundation, and \$390,290 was receivable at June 30, 2023. Grants unexpended at June 30, 2024 and 2023 totaled \$301,540 and \$348,626, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Arkansas State University, of which KASU (FM) Radio is a component unit, is a public university, and is exempted by the Internal Revenue Service for income tax reporting requirements. Accordingly, no provision or credit for income taxes is recorded in the accompanying financial statements.

NOTE B – COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,500 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope 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). Each grant must be expended within two years of the initial grant authorization.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE B – COMMUNITY SERVICE GRANTS (continued)

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun 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.

Grants are generally reported as unrestricted operating funds in the financial statements.

The Community Service Grants (CSGs) received and expended during fiscal years 2024 and 2023 were as follows:

| Type of Grant | Grant Period | Grants Received | Expended | | Uncommitted Balance at June 30, 2024 |
|--|-------------------|-----------------|-------------|-------------|--------------------------------------|
| | | | 2022 - 2023 | 2023 - 2024 | |
| CSG/Rural Station | 10/1/20 – 9/30/22 | \$ 135,926 | \$ 1,196 | \$ -0- | \$ -0- |
| CSG /Rural Station grant period 10/1/20 – 9/30/22 expenditure for 2020 – 2022 totaled \$134,750. | | | | | |
| CSG/Rural Station | 10/1/21 – 9/30/23 | \$ 168,940 | \$ 106,672 | \$ 1,504 | \$ -0- |
| CSG /Rural Station grant period 10/1/21 – 9/30/23 expenditure for 2021 – 2022 totaled \$60,764. | | | | | |
| CSG/Rural Station | 10/1/22 – 9/30/24 | \$ 156,004 | \$ 52,094 | \$ 103,910 | \$ -0- |
| CSG/Rural Station | 10/1/23 – 9/30/25 | \$ 164,555 | \$ -0- | \$ 40,489 | \$ 124,066 |

NOTE C – CARES ACT STABILIZATION GRANT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2021. The CPB board of directors unanimously approved a distribution plan for the \$75 million of emergency stabilization funds for public media, based on a formula allocation to all radio and television grantees. Each radio grantee received \$75,000, and rural grantees received an additional \$37,136. KASU (FM) Radio received a total of \$112,136 on April 27, 2021, of which \$12,480 and \$889 were expended in the years ended June 30, 2024 and 2023, respectively.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE D – AMERICAN RESCUE PLAN ACT STABILIZATION GRANT

On March 11, 2023, the CPB board of directors announced a distribution plan of additional pandemic related stabilization funding from the American Rescue Plan Act of 2023 to stations in all 50 states, to allow recipients to provide essential educational, informational, and public safety services. The same formula utilized for the CARES Act Stabilization Grant was applied to the American Rescue Act Plan Act monies in order to prioritize funding to small, rural and/or minority stations. KASU (FM) Radio received \$204,270 on April 16, 2023, with \$53,260 expended in the year ended June 30, 2024, and \$52,258 expended in the year ended June 30, 2023.

NOTE E – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|-------------|------------|-------------------|
| Transmission, antenna and tower property and equipment | \$ 909,246 | \$ -0- | \$ -0- | \$ 909,246 |
| Accumulated depreciation | (716,305) | (6,621) | -0- | (722,926) |
| Net Transmission, antenna and tower property and equipment | \$ 192,941 | \$ (6,621) | \$ -0- | \$ 186,320 |
| Studio and other broadcasting equipment | \$ 352,310 | \$ 5,555 | \$ -0- | \$ 357,865 |
| Accumulated depreciation | (325,617) | (4,229) | -0- | (329,846) |
| Net Studio and other broadcasting equipment | \$ 26,693 | \$ 1,326 | \$ -0- | \$ 28,019 |
| Furniture and fixtures | \$ 144,842 | \$ -0- | \$ -0- | \$ 144,842 |
| Accumulated depreciation | (117,832) | (10,797) | -0- | (128,629) |
| Net Furniture and fixtures | \$ 27,010 | \$ (10,797) | \$ -0- | \$ 16,213 |
| Total Capital Assets | \$ 246,644 | \$ (16,093) | \$ -0- | \$ 230,552 |

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE E – CAPITAL ASSETS (continued)

Capital assets activity for the year ended June 30, 2023 was as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|------------|------------|-------------------|
| Transmission, antenna and tower property and equipment | \$ 909,246 | \$ -0- | \$ -0- | \$ 909,246 |
| Accumulated depreciation | (709,684) | (6,621) | -0- | (716,305) |
| Net Transmission, antenna and tower property and equipment | \$ 199,562 | \$ (6,621) | \$ -0- | \$ 192,941 |
| Studio and other broadcasting equipment | \$ 331,965 | \$ 20,345 | \$ -0- | \$ 352,310 |
| Accumulated depreciation | (316,071) | (9,546) | -0- | (325,617) |
| Net Studio and other broadcasting equipment | \$ 15,894 | \$ 10,799 | \$ -0- | \$ 26,693 |
| Furniture and fixtures | \$ 143,673 | \$ 1,169 | \$ -0- | \$ 144,842 |
| Accumulated depreciation | (106,939) | (10,893) | -0- | (117,832) |
| Net Furniture and fixtures | \$ 36,734 | \$ (9,724) | \$ -0- | \$ 27,010 |
| Total Capital Assets | \$ 252,190 | \$ (5,546) | \$ -0- | \$ 246,644 |

NOTE F – INDIRECT ADMINISTRATIVE SUPPORT

Indirect administrative support from Arkansas State University consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses and Net Position as indirect administrative support and as an expense in the management and general expense category. Donated facilities from ASU are based on the depreciated value of space occupied. These amounts are computed in accordance with guidelines established by the Corporation for Public Broadcasting. Indirect administrative support from the University totaled \$206,349 and \$200,584 for the years ended June 30, 2024 and 2023, respectively.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE G – QUASI-ENDOWMENT INVESTMENT

During the year ended June 30, 2018, a quasi-endowment fund was created from funds without donor restriction for long term investment. The fund balance totaled \$40,479 and \$34,593 at years end June 30, 2024 and 2023, respectively. The quasi-endowment is held in investment funds managed by Arkansas State University System Foundation, Inc.

NOTE H -- RETIREMENT PLANS

Eligible employees who perform services for the Station and are employees of the University and are covered under various retirement plans of the Arkansas State University System. Defined Contribution Plans include the Teacher Insurance and Annuity Association (TIAA) and the Variable Annuity Life Insurance Company (VALIC). Defined Benefit Pension Plans include the Arkansas Teacher Retirement System (ATRS) and the Arkansas Public Employees Retirement System (APERS). All plan disclosures can be found in the Arkansas State University System Notes to the Financial Statements. The University does not allocate costs for these plans to the Station.

NOTE I – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The University's defined benefit OPEB plan provides postemployment medical and life insurance benefits to all employees who officially retire from the University and meet certain age and service-related requirements. The ASU System OPEB Plan (the Plan) is a single employer defined benefit OPEB plan administered by the University, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75. The consolidated University system recognizes a total OPEB liability of approximately \$9,366,918 and \$10,970,624 for the years ended June 30, 2024 and 2023, respectively. The liability is not measured or recognized as a direct liability of the Station.

NOTE J – COMPENSATED ABSENCES FOR EMPLOYEES

Employee vacation, sick leave, and compensatory time earned, but not paid, and the related matching costs is recorded as a liability and expense by Arkansas State University for all system-wide employees. KASU (FM) Radio does not bear the liability for the accrued costs, and the University does not allocate the cost of compensated absences to the Station.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

NOTE K – NATURAL CLASSIFICATION BY FUNCTION

The Station's operating expenses by function for the year ended June 30, 2024 were as follows:

| | <u>Production & Programming</u> | <u>Broadcasting</u> | <u>Program Info. & Promotion</u> | <u>Management & General</u> | <u>Fundraising</u> | <u>Underwriting</u> | <u>Total</u> |
|--|---|---------------------|--|-------------------------------------|--------------------|---------------------|--------------|
| Salaries & Wages | \$ 258,061 | \$ 71,625 | -0- | \$ 106,584 | \$ -0- | \$ 58,119 | \$ 494,389 |
| Advertising | -0- | -0- | -0- | 1,328 | -0- | -0- | 1,328 |
| Computer Costs and Supplies | -0- | 1,648 | -0- | 3,929 | -0- | -0- | 5,577 |
| Facilities and Administration | -0- | 1,970 | -0- | 208,723 | -0- | -0- | 210,693 |
| Membership Dues, Conferences and Subscriptions | 4,264 | -0- | -0- | 7,881 | -0- | -0- | 12,145 |
| Postage & Delivery | -0- | -0- | -0- | -0- | 9,012 | -0- | 9,012 |
| Printing | -0- | -0- | -0- | 4,755 | 5,260 | -0- | 10,015 |
| Production Costs | 87,784 | 33,362 | -0- | -0- | -0- | -0- | 121,146 |
| Professional Services | 52,001 | 9,495 | -0- | -0- | -0- | -0- | 61,496 |
| Supplies and Other Costs | 12,441 | 30,542 | 25,075 | 9,632 | 3,325 | -0- | 81,015 |
| Telecommunications | 2,599 | 10,000 | -0- | 2,881 | -0- | -0- | 15,480 |
| Travel | 123 | 305 | 794 | 10,189 | 299 | -0- | 11,710 |
| Subtotal | 417,273 | 158,947 | 25,869 | 355,902 | 17,896 | 58,119 | 1,034,006 |
| Depreciation | 21,647 | -0- | -0- | -0- | -0- | -0- | 21,647 |
| Donated Services | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Total | \$ 438,920 | \$ 158,947 | 25,869 | \$ 355,902 | \$ 17,896 | \$ 58,119 | \$1,055,653 |

NOTE L – FAIR VALUE MEASUREMENT

The Station categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Station has the following recurring Level 1 fair value measurement as of June 30:

| | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Endowment fund held by Arkansas State University Foundation | \$131,573 | \$121,165 |

**KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023**

NOTE M – COMMITMENTS AND CONTINGENCIES

The Radio Station receives financial assistance from the CPB in the form of grants. The acceptance and receipt of funds requires compliance with the terms and conditions of the grant agreements. Grant expenditures are subject to audit by the grantor, and if disallowed due to noncompliance, are required to be refunded. Management believes the Station is in compliance with all expenditure criteria of grant funds for the years ended June 30, 2024 and June 30, 2023.

NOTE N – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through January 10, 2025, which is the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment or disclosure in the financial statements.