

KAMU – TV

A Public Telecommunications Entity

Operated by Texas A&M University

Financial Statements

For the Years Ended August 31, 2021 and 2020

KAMU-TV
A Public Telecommunications Entity
Operated by Texas A&M University
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Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Dr. Katherine Banks
President, Texas A&M University
College Station, Texas

We have audited the accompanying financial statements of the business-type activities of KAMU-TV, a public telecommunications entity operated by Texas A&M University, as of and for the years ended August 31, 2021 and 2020 as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of KAMU-TV, as of August 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the financial statements present only the accounts of KAMU-TV, and are not intended to present the financial position of Texas A&M University or the results of its operations. Our opinion is not modified with respect to this matter.

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 3 to 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Bryan, Texas
April 13, 2022

KAMU-TV
(A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis
For the Years Ended August 31, 2021 and 2020 (Unaudited)

Introduction and Reporting Entity

Management's Discussion and Analysis (MD&A) is an overview of the financial position and activities of KAMU-TV. Statements include all of the financial activity of KAMU-TV for the years ended August 31, 2021 and 2020.

Management of KAMU-TV has prepared the following discussion. Readers should also review the Independent Auditor's Report along with the financial statements and related footnotes which follow this section to enhance their understanding of KAMU-TV's performance.

The signal of KAMU-TV/DT reaches an estimated 115,000 households, and out of that number approximately 56,000 households watch each week. This is an estimate since KAMU is a non-reportable Nielsen Market. The Designated Market Area for the station is Waco-Temple-Bryan, Texas. Contributing membership consists of approximately 1,043 households.

Overview of the Financial Statements

The financial statements of KAMU-TV are prepared in conformity with Governmental Accounting Standards Board pronouncements. Following this section are the basic financial statements and notes which should be read in conjunction with this discussion and analysis. The Statements of Net Position provide information on the types of assets and liabilities of KAMU-TV, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether KAMU-TV's financial position is improving or deteriorating. The Statements of Revenues, Expenses, and Changes in Net Position provide information on income and expense for the year, with additional detail of the expenses provided in the supplementary Schedules of Functional Expenses. The Statements of Cash Flows show the sources and uses of cash and the net changes in cash during the year. The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

KAMU-TV
(A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2021 and 2020 (Unaudited)

Condensed Financial Information

The following table illustrates the changes in net position for the fiscal years ending August 31, 2021 and 2020:

	<u>2021</u>	Restated <u>2020</u>
Current Assets	\$4,197,337	\$3,965,889
Other Noncurrent Assets	543,891	502,454
Capital Assets (net)	<u>311,272</u>	<u>505,955</u>
Total Assets	<u>5,052,500</u>	<u>4,974,298</u>
Current Liabilities	<u>1,587,100</u>	<u>1,147,501</u>
Total Liabilities	<u>1,587,100</u>	<u>1,147,501</u>
Invested in Capital Assets, net	311,272	505,955
Restricted	541,660	500,223
Unrestricted	<u>2,612,468</u>	<u>2,820,619</u>
Total Net Position	<u>\$3,465,400</u>	<u>\$3,826,797</u>

The following table illustrates revenues, expenses and changes in net position for the years ending August 31, 2021, and 2020.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	Restated <u>2020</u>
Operating revenues		
TAMU direct and indirect support	\$ 652,827	\$ 667,975
Grants	961,106	832,570
Membership, gifts and other	<u>507,237</u>	<u>234,082</u>
Total Revenue	<u>2,121,170</u>	<u>1,734,627</u>
Operating expenses		
Program services	1,375,467	1,219,270
Supporting services	<u>1,146,814</u>	<u>852,174</u>
Total Expenses	<u>2,522,281</u>	<u>2,071,444</u>
Operating loss	<u>(401,111)</u>	<u>(336,817)</u>
Nonoperating revenue		
Interest and investment income	<u>39,714</u>	<u>12,438</u>
Change in net position	(361,397)	(324,379)
Beginning net position, as restated	<u>3,826,797</u>	<u>4,151,176</u>
Ending net position	<u>\$3,465,400</u>	<u>\$3,826,797</u>

KAMU-TV
(A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2021 and 2020 (Unaudited)

Financial Highlights

The change in net position of (\$361,397) is primarily related to expenditures related to non-capital enhancements to the building and equipment and increased salary and fringe benefits costs.

Economic Outlook

Thus far, KAMU has weathered the impact of the COVID-19 pandemic very well. In fact, our television (TV) revenues have grown over the past two years. All this while our production capabilities were limited due to COVID mandates. The increase is largely due to an emphasis on remote production service capabilities, better organized PBS Pledge drives, and cultivation of donor giving via improved dialog and outreach to our members. By bolstering our ability to produce original content and programming, which should lead to further increases in Underwriting/Sponsorship Sales revenues, we anticipate growth to continue. We are continuing to develop new revenue streams and bolster existing streams. We are hopeful that our upcoming efforts in developing a connected television app for the entire Texas A&M University community will further enhance revenues through minimal infrastructure enhancements or much more staff growth.

Capital Assets

KAMU-TV's investment in capital assets as of August 31, 2021, amounts to \$311,272 (net of accumulated depreciation). This investment in capital assets includes buildings, building improvements, machinery and equipment.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of KAMU-TV'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:

*KAMU-TV
Texas A&M University
Moore Communications Center
4244 TAMU
College Station, TX 77843-4244*

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Statements of Net Position
August 31, 2021 and 2020

	<u>August 31, 2021</u>	<u>Restated August 31, 2020</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 3,840,417	\$ 3,616,883
Receivables	35,262	23,015
Prepaid expenses	321,658	325,991
Total current assets	4,197,337	3,965,889
Noncurrent Assets		
Restricted cash and cash equivalents	543,891	502,454
Capital Assets (net of accumulated depreciation):		
Buildings	28,749	28,749
Equipment	282,523	371,002
Construction in progress	-	106,204
Total capital assets	311,272	505,955
Total noncurrent assets	855,163	1,008,409
Total assets	\$ 5,052,500	\$ 4,974,298
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts payable	\$ 2,231	\$ 67,694
Unearned revenue	1,310,680	1,005,032
Due to KAMU-FM	274,189	74,775
Total liabilities	1,587,100	1,147,501
Net Position		
Net investment in capital assets	311,272	505,955
Restricted for:		
Friends of KAMU	153,935	151,484
Endowment		
Expendable	185,225	146,239
Nonexpendable	202,500	202,500
Unrestricted	2,612,468	2,820,619
Total net position	3,465,400	3,826,797
Total liabilities and net position	\$ 5,052,500	\$ 4,974,298

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

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>Restated</u> <u>2020</u>
OPERATING REVENUES:		
State funds furnished by Texas A&M University	\$ 542,912	\$ 667,975
Indirect administrative and occupancy support from Texas A&M University	109,915	-
Grants from the Corporation for Public Broadcasting	961,106	832,570
Membership donations	279,919	144,564
Royalties	4,186	-
PBS rebranding income	10,000	-
In-kind contributions-services	-	9,735
Sales and services	182,874	63,352
Underwriting	<u>30,258</u>	<u>16,431</u>
Total operating revenues	<u>2,121,170</u>	<u>1,734,627</u>
OPERATING EXPENSES:		
Program Services		
Programming and production	746,378	523,607
Broadcasting	629,089	695,663
Support Services		
Fundraising and membership	116,467	120,741
Management and general	<u>1,030,347</u>	<u>731,433</u>
Total operating expenses	<u>2,522,281</u>	<u>2,071,444</u>
Operating loss	<u>(401,111)</u>	<u>(336,817)</u>
NONOPERATING REVENUES:		
Interest and investment income	<u>39,714</u>	<u>12,438</u>
Total nonoperating revenues	<u>39,714</u>	<u>12,438</u>
Change in net position	(361,397)	(324,379)
Net position - beginning of year, as restated	<u>3,826,797</u>	<u>4,151,176</u>
Net position - end of year	<u>\$ 3,465,400</u>	<u>\$ 3,826,797</u>

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

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Proceeds from Texas A&M University	\$ 358,913	\$ 345,099
Proceeds from membership, gifts, and underwriting	494,990	211,005
Proceeds from grants	1,266,754	967,909
Payments for employee salaries	(933,879)	(766,753)
Payments to suppliers for goods and services	<u>(906,789)</u>	<u>(561,491)</u>
Net cash provided by operating activities	<u>279,989</u>	<u>195,769</u>
<u>Cash flows from investing activities:</u>		
Interest received	39,714	12,438
Cash paid for purchase of capital assets	<u>(54,732)</u>	<u>(236,753)</u>
Net cash used by investing activities	<u>(15,018)</u>	<u>(224,315)</u>
Net increase (decrease) in cash and cash equivalents	264,971	(28,546)
Cash and cash equivalents - beginning of the year	<u>4,119,337</u>	<u>4,147,883</u>
Cash and cash equivalents - end of the year	<u>\$ 4,384,308</u>	<u>\$ 4,119,337</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (401,111)	\$ (336,817)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	143,211	119,388
Loss on removal of construction in progress	106,204	-
Changes in assets and liabilities:		
Prepaid expenses	4,333	(1,061)
Accounts receivable	(12,247)	(13,342)
Due to KAMU-FM	199,414	238,739
Accounts payable	(65,463)	53,523
Unearned revenue-CPB grants	<u>305,648</u>	<u>135,339</u>
Net cash provided by operating activities	<u>\$ 279,989</u>	<u>\$ 195,769</u>

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

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of KAMU-TV are presented for the purpose of reporting to the Corporation for Public Broadcasting. KAMU-TV prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), and it complies with the Corporation for Public Broadcasting's (CPB) *Application of Principles of Accounting and Financial Reporting to Public Telecommunications Entities*. KAMU-TV uses the reporting model for business-type activities (enterprise fund) for its financial statements, which is one of the reporting model options allowed by CPB.

B. Basis of Accounting

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Using this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses are directly related to programming, production development and delivery of telecommunication services. All revenues and expenses not meeting the definition of operating revenues or expenses are reported as non-operating revenues and expenses. Revenues associated with or restricted by donors to use for capital improvements are recorded as nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is KAMU-TV's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Reporting Entity

KAMU-TV is a public telecommunications entity operated by Texas A&M University ("the University"), a State agency supported primarily by State appropriations. The University Fiscal Office maintains the accounting records. KAMU-TV's primary functions are to promote, establish and provide public broadcasting and other noncommercial educational telecommunications services.

Friends of KAMU is a non-profit organization organized exclusively for the benefit of KAMU-TV and KAMU-FM. Friends has established two accounts at the A&M Foundation which have been included as part of KAMU-TV's restricted cash and cash equivalents.

The accompanying financial statements represent only the accounts of KAMU-TV and are not intended to present the financial position or results of operations of the University. There are no discretely presented component units included within the reporting entity.

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Cash and Cash Equivalents

KAMU-TV considers its balances held by Texas A&M University’s fiscal office to be cash equivalents.

Texas A&M University and the Texas A&M University System maintain deposits with various banks according to the System’s policies. At August 31, 2021 and 2020, the System reported that all of its bank deposits were covered by the Federal Deposit Insurance Corporation (FDIC) insurance, were collateralized with securities in the System’s name, or were covered by surety bonds.

Excess cash is invested according to the “prudent person rule” as authorized by VTCA, Higher Education Code §51. The majority of the System’s funds are maintained in short-term investment pools.

E. Capital Assets

Capital assets are defined by Texas A&M University as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. KAMU-TV records property and equipment at cost or in the case of donated property, at its estimated fair value at date of receipt, net of accumulated depreciation.

KAMU-TV uses the straight-line method to calculate depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Antenna	26
Equipment	3-15

F. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use by either external parties or enabling legislation. Unrestricted net position represents resources that are available for the support of KAMU-TV’s operations.

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Pledges and Contributions

KAMU-TV engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to KAMU-TV for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. Based on KAMU-TV's judgment, including such factors as prior collection history and type of contribution, no allowance for uncollectible contributions receivable is provided. All member pledges receivable are promises to give within one year of August 31, 2021. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of KAMU-TV. This usage is consistent with appeals for contributions and pledges.

H. In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. KAMU-TV reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statements of revenues, expenses, and changes in net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as donated national and local programs, are not recorded as revenue and expenses as there is no objective basis available to measure the value of such services.

I. Revenue Recognition

State appropriations are recorded as revenue in the statement of revenues, expenses, and changes in net position.

Membership contributions are recognized as operating revenues in the period they are received. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support.

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Revenue Recognition - Continued

Grants to finance non-capital projects are recorded as unearned revenue until an expenditure is incurred for which the grant was intended. The amounts are then included in revenues, and the expenditures are recorded.

J. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 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). In any event, each grant must be expended within two years of the initial grant authorization.

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.

K. Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Change in Presentation and Restatement

In the past KAMU-TV presented its financial statements in accordance with GASB standards for State and Local Governments. Presentation has been changed in the current financial statements to GASB standards for Public Colleges and Universities as a business-type activity to be more in line with the reporting of Texas A&M University and the Texas A&M System. In addition, the financial statements have been restated to remove pension and other post-employment benefits as these are recorded at the A&M System level.

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Change in Presentation and Restatement - Continued

Net position has been restated as follows:

Beginning net position – 9/1/19	\$3,693,595
Adjustment to remove pension & OPEB	<u>457,581</u>
Beginning net position – 9/1/19, as restated	<u>\$4,151,176</u>

II. RESTRICTED CASH AND CASH EQUIVALENTS

KAMU-TV reports the following in restricted cash as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Expendable:		
Endowment Funds	\$185,225	\$146,239
Friends of KAMU	<u>156,166</u>	<u>153,715</u>
	<u>\$341,391</u>	<u>\$299,954</u>
Nonexpendable:		
Endowment Funds	<u>\$202,500</u>	<u>\$202,500</u>

III. RECEIVABLES

Receivables consisted of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Pledges	\$27,706	\$ 13,454
Due from Friends	1,961	1,961
Underwriting/Sales and Service	<u>5,595</u>	<u>7,600</u>
	<u>\$35,262</u>	<u>\$23,015</u>

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

IV. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Construction in progress	\$ 106,204	\$ -	(\$106,204)	\$ -
Building	600,821	-	-	600,821
Antenna	41,775	-	-	41,775
Equipment	<u>3,981,626</u>	<u>54,732</u>	<u>(882,238)</u>	<u>3,154,120</u>
Total capital assets, being depreciated	<u>\$4,624,222</u>	<u>54,732</u>	<u>(882,238)</u>	<u>\$3,796,716</u>
Less accumulated depreciation for:				
Building	572,072	-	-	572,072
Antenna	41,775	-	-	41,775
Equipment	<u>3,610,624</u>	<u>143,211</u>	<u>(882,238)</u>	<u>2,871,597</u>
Total accumulated depreciation	<u>4,224,471</u>	<u>143,211</u>	<u>(882,238)</u>	<u>3,485,444</u>
Total capital assets, being depreciated, net	<u>399,751</u>	<u>(88,479)</u>	<u>-</u>	<u>311,272</u>
Total capital assets	<u>\$ 505,955</u>	<u>(\$ 88,479)</u>	<u>(\$106,204)</u>	<u>\$ 311,272</u>

Current depreciation expense of \$143,211 was charged to programming and production.

Capital asset activity for the year ended August 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Construction in progress	\$ -	\$106,204	\$ -	\$ 106,204
Building	600,821	-	-	600,821
Antenna	41,775	-	-	41,775
Equipment	<u>4,089,987</u>	<u>130,549</u>	<u>(238,910)</u>	<u>3,981,626</u>
Total capital assets being depreciated	<u>4,732,583</u>	<u>130,549</u>	<u>(238,910)</u>	<u>4,624,222</u>
Less accumulated depreciation for:				
Building	572,072	-	-	572,072
Antenna	41,775	-	-	41,775
Equipment	<u>3,730,146</u>	<u>119,388</u>	<u>(238,910)</u>	<u>3,610,624</u>
Total accumulated depreciation	<u>4,343,993</u>	<u>119,388</u>	<u>(238,910)</u>	<u>4,224,471</u>
Total capital assets, being depreciated, net	<u>388,590</u>	<u>11,161</u>	<u>-</u>	<u>399,751</u>
Total capital assets	<u>\$ 388,590</u>	<u>\$117,365</u>	<u>\$ -</u>	<u>\$ 505,955</u>

Current depreciation expense of \$119,388 was charged to programming and production.

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

V. PENSION PLAN

The State of Texas has joint contributory retirement plans for substantially all its employees. The primary plan the A&M System (of which Texas A&M University is a member) participates in is the cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas. All employees of the A&M System who are employed for one-half or more of the standard work load and not exempted from membership under the Texas Government Code, Title 8, Section 822.002 are covered by the plan.

The TRS plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefits formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments.

The pension liability, associated deferred outflows and inflows of resources, and associated expenses are recorded at the A&M System level. Detailed information about the TRS plan is presented in the A&M System's combined annual financial report.

VI. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. The A&M System is a single-employer defined benefit Other Post Employment (OPEB) plan.

OPEB is provided to the A&M System's retirees under the A&M System group insurance program. The authority under which the obligations of the plan members and the A&M System are established, and may be amended, is Chapter 1601, Texas Insurance Code. Retiree eligibility for insurance continuation is determined by the Legislature and is subject to change. This plan does not provide automatic cost of living adjustments.

Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through the group insurance program, and premiums are based on benefits and administrative costs expected to be incurred. The rates are determined annually by the System in consultation with the actuary.

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

VI. OTHER POSTEMPLOYMENT BENEFITS – Continued

The OPEB liability, associated deferred inflows and outflows of resources, and associated expenses are recorded at the A&M System level. Detailed information about the OPEB plan is presented in the A&M System’s combined annual financial report.

VII. NONFEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2021 NFFS. This change excludes all revenues received for any capital purchases.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the sources must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcast entity on behalf of a public broadcast station.

Reported NFFS for KAMU-TV was \$964,022 and \$949,913 for 2021 and 2020 respectively.

KAMU-TV
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VIII. COMMUNITY SERVICE GRANTS (CSGs)

KAMU-TV receives a Community Service Grant from the Corporation for Public Broadcasting annually. The Community Service Grants received and expended during the most recent fiscal years were as follows:

For the year ended August 31, 2021:

Grant Period	Amounts Received	2019 & Prior	Expended		Uncommitted
			2020	2021	Balance at August 31, 2021
2018-2020	612,244	-	573,552	38,692	-
2019-2021	605,920	-	-	582,663	23,257
2020-2022	675,035	-	-	-	675,035

For the year ended August 31, 2020:

Grant Period	Amounts Received	2018 & Prior	Expended		Uncommitted
			2019	2020	Balance at August 31, 2020
2017-2019	677,536	-	617,647	59,889	-
2018-2020	612,244	-	-	573,552	38,692
2019-2021	605,920	-	-	-	605,920

IX. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from the University of \$109,915 consists of allocated institutional support and physical plant costs incurred by various other divisions of the University for which KAMU-TV receives benefits. Beginning in fiscal year 2021, the estimated value of this support is recognized in the statements of revenues, expenses, and changes in net position as indirect administrative support and also as expense in the management and general functional expense category. For the year ended August 31, 2021, the indirect support was calculated using the standard method adopted by the Corporation for Public Broadcasting (CPB). In fiscal year 2020, indirect administrative support of \$173,350 was included in the determination of NFFS but was not recorded in the statement of revenues, expenses, and changes in net position.

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X. CONTRIBUTED IN-KIND SUPPORT

Contributed support represents expenses paid on behalf of KAMU-TV by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support. The amount of contributed services is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

Contributed support from the University consists of certain administrative and other expenses incurred on behalf of KAMU-TV. These costs for 2021 and 2020, respectively, were \$23,318 and \$165,117.

XI. LEASE COMMITMENTS

Beginning in fiscal year 2010, KAMU-TV leases space in the Hensel Park Building owned by Texas A&M University on a month-to-month lease agreement requiring monthly payments of \$600. Total rent expense for this operating lease amounted to \$14,400 and \$28,800 in 2021 and 2020, respectively. The lease was cancelled February 28, 2021.

SUPPLEMENTARY INFORMATION

KAMU-TV
A Public Telecommunications Entity Operated by Texas A&M University
Schedule of Functional Expenses
For the Year Ended August 31, 2021

	Programming and Production	Broadcasting	Fund Raising	Management and General	August 31, 2021 Total
Salaries and wages	\$ -	\$ 392,178	\$ 40,352	\$ 426,352	\$ 858,882
Fringe benefits	-	122,325	11,854	101,499	235,678
Indirect administrative costs	-	-	-	109,915	109,915
Travel	-	6,187	-	1,086	7,273
Membership fees and dues	387,580	-	-	-	387,580
Contract labor	-	-	-	207,399	207,399
Electronic parts	-	64,946	-	-	64,946
Professional services	-	-	-	23,318	23,318
Maintenance and repair of equipment	-	-	-	65,203	65,203
Advertising	-	-	31,791	-	31,791
Education/training	-	-	-	1,343	1,343
Computer software	2,586	7,957	-	-	10,543
Telecommunications services	-	14,400	-	31,085	45,485
Rental of media	82,967	-	-	-	82,967
Membership services	-	-	23,363	-	23,363
Other	-	21,096	9,107	63,147	93,350
Production services	130,034	-	-	-	130,034
Depreciation	143,211	-	-	-	143,211
	<u>143,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,211</u>
Total	<u>\$ 746,378</u>	<u>\$ 629,089</u>	<u>\$ 116,467</u>	<u>\$ 1,030,347</u>	<u>\$ 2,522,281</u>

KAMU-TV
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Schedule of Functional Expenses
For the Year Ended August 31, 2020

	Programming and Production	Broadcasting	Fund Raising	Management and General	August 31, 2020 Total
Salaries and wages	\$ 1,205	\$ 324,536	\$ 52,928	\$ 416,862	\$ 795,531
Fringe benefits	102	91,220	12,435	96,544	200,301
Travel	-	225	-	9,030	9,255
Membership fees and dues	305,340	-	-	-	305,340
Contract Labor	-	721	-	6	727
Electronic parts	-	109,308	-	9,058	118,366
Professional services	-	-	-	25,970	25,970
Maintenance and repair of equipment	-	70,998	-	21,851	92,849
Advertising	-	-	32,340	-	32,340
Supplies	-	49,393	-	4,314	53,707
Education/training	-	-	-	3,466	3,466
Computer software	8,593	11,062	-	-	19,655
Telecommunications services	-	28,800	-	30,656	59,456
Rental of media	61,124	-	-	-	61,124
Utilities	-	-	-	67,828	67,828
In-kind contributions - services	-	-	9,735	-	9,735
Membership services	-	-	9,022	-	9,022
Other	-	9,400	4,281	45,848	59,529
Production services	27,855	-	-	-	27,855
Depreciation	119,388	-	-	-	119,388
	<u>119,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,388</u>
Total	<u>\$ 523,607</u>	<u>\$ 695,663</u>	<u>\$ 120,741</u>	<u>\$ 731,433</u>	<u>\$ 2,071,444</u>