

KAMU – FM

A Public Telecommunications Entity

Operated by Texas A&M University

Financial Statements

For the Years Ended August 31, 2022 and 2021

KAMU-FM
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

Opinion

We have audited the accompanying financial statements of the business-type activities of KAMU-FM, a public telecommunications entity operated by Texas A&M University, as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise KAMU-FM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of KAMU-FM, as of August 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof 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 KAMU-FM, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note IL to the financial statements, the 2021 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

As discussed in Note IC, the financial statements present only the accounts of KAMU-FM 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.

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 KAMU-FM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KAMU-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KAMU-FM's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

A handwritten signature in blue ink that reads "Ingram, Wallis & Company". The signature is written in a cursive, flowing style.

Bryan, Texas
April 12, 2023

KAMU-FM
(A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis
For the Years Ended August 31, 2022 and 2021 (Unaudited)

Introduction and Reporting Entity

Management's Discussion and Analysis (MD&A) is an overview of the financial position and activities of KAMU-FM. Statements include all of the financial activity of KAMU-FM 90.9 College Station, TX multicast HD radio, for the years ended August 31, 2022 and 2021.

Management of KAMU-FM 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-FM's performance.

The signal of KAMU-FM reaches an estimated 273,100 potential listeners each week, and out of that number approximately 10,400 listen each week. Contributing membership consists of approximately 406 households.

Overview of the Financial Statements

The financial statements of KAMU-FM 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-FM, 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-FM'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. 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-FM
(A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2022 and 2021 (Unaudited)

Condensed Financial Information

The following table illustrates the assets, liabilities, and net position for the fiscal years ending August 31, 2022 and 2021:

Condensed Statements of Net Position		
	<u>2022</u>	Restated <u>2021</u>
Current Assets	\$1,503,148	\$2,089,022
Noncurrent Assets	166,653	166,653
Capital Assets (net)	<u>201,326</u>	<u>21,424</u>
Total Assets	<u>1,871,127</u>	<u>2,277,099</u>
Current Liabilities	<u>192,949</u>	<u>355,761</u>
Total Liabilities	<u>192,949</u>	<u>355,761</u>
Invested in Capital Assets, net	201,326	21,424
Restricted	279,203	276,528
Unrestricted	<u>1,197,649</u>	<u>1,623,386</u>
Total Net Position	<u>\$1,678,178</u>	<u>\$1,921,338</u>

The following table illustrates revenues, expenses and changes in net position for the years ending August 31, 2022, and 2021.

Condensed Statements of Revenues, Expenses and Changes in Net Position		
	<u>2022</u>	Restated <u>2021</u>
Operating revenues		
TAMU direct and indirect support	\$ 499,412	\$ 474,125
Grants	250,056	105,245
Membership, gifts and other	<u>244,618</u>	<u>336,393</u>
Total Revenue	<u>994,086</u>	<u>915,763</u>
Operating expenses		
Program services	577,295	483,344
Supporting services	<u>668,148</u>	<u>341,217</u>
Total Expenses	<u>1,245,443</u>	<u>824,561</u>
Operating income (loss)	<u>(251,357)</u>	<u>91,202</u>
Nonoperating revenue		
Interest, investment, and other	<u>8,197</u>	<u>9,149</u>
Change in net position	(243,160)	100,351
Beginning net position, as restated	<u>1,921,338</u>	<u>1,820,987</u>
Ending net position	<u>\$1,678,178</u>	<u>\$1,921,338</u>

KAMU-FM
(A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2022 and 2021 (Unaudited)

Financial Highlights

The decrease in net position of \$243,160 is primarily related to an increase in programming and production expenses, broadcasting expenses and management and general expenses. Increases in expenses for programming and production and broadcasting expenses are primarily due to expenditures in salaries, equipment updates, increased strategic programming scheduling and original content production. The increase in management and general expenses were a byproduct of hiring an additional senior management position as well as bolstering the support staff, also end-of-life issues for transmission technology played a major role in those increases.

Economic Outlook

KAMU's radio presence continues to drive much of our membership base and, therefore, the majority of our pledge giving and underwriting. Those revenue streams have remained stable and will continue to remain stable with increased organization and enhancements to our collective revenue efforts. With more focused strategic management, our FM presence is evolving and improving our efforts to expand our audience and enhance community service. We are bolstering original content production and programming, which we hope leads to increases in underwriting/sponsorship sales revenues. We are also continuing development of new revenue streams. We hired an Associate Executive Director, Broadcast Services, in 2022 to lead FM and we are optimistic that our best days are ahead of us.

Capital Assets

KAMU-FM's investment in capital assets as of August 31, 2022, amounts to \$201,326 (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-FM'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-FM
Texas A&M University
Moore Communications Center
4244 TAMU
College Station, TX 77843-4244*

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Statements of Net Position
August 31, 2022 and 2021

	<u>August 31, 2022</u>	<u>Restated August 31, 2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,102,420	\$ 1,510,420
Restricted cash and cash equivalents	233,483	366,314
Receivables	103,919	16,638
Due from KAMU-TV	5,555	112,661
Prepaid expenses	57,771	82,989
Total current assets	1,503,148	2,089,022
Noncurrent Assets		
Restricted cash and cash equivalents	166,653	166,653
Capital Assets (net of accumulated depreciation)		
Buildings	725	725
Equipment	200,601	20,699
Total capital assets	201,326	21,424
Total noncurrent assets	367,979	188,077
Total assets	\$ 1,871,127	\$ 2,277,099
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts payable	\$ 2,036	\$ 25,388
Unearned revenue	190,913	330,373
Total liabilities	192,949	355,761
Net Position		
Net investment in capital assets	201,326	21,424
Restricted for:		
Grants and Contracts	24,179	-
Endowment		
Expendable	88,371	109,875
Nonexpendable	166,653	166,653
Unrestricted	1,197,649	1,623,386
Total net position	1,678,178	1,921,338
Total liabilities and net position	\$ 1,871,127	\$ 2,277,099

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

KAMU-FM
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, 2022 and 2021

	<u>2022</u>	<u>Restated</u> <u>2021</u>
OPERATING REVENUES:		
State funds furnished by Texas A&M University	\$ 339,351	\$ 429,082
Indirect administrative and occupancy support from Texas A&M University	160,061	45,043
Grants from the Corporation for Public Broadcasting	250,056	105,245
Membership donations	129,766	239,610
Sales and services	34,455	32,384
Underwriting	80,397	64,399
Total operating revenues	994,086	915,763
OPERATING EXPENSES:		
Program Services		
Programming and production	269,960	203,759
Broadcasting	301,941	279,585
Program information and promotion	5,394	-
Support Services		
Fundraising and membership	92,085	95,923
Underwriting	38,377	-
Management and general	512,584	239,940
Depreciation expense	25,102	5,354
Total operating expenses	1,245,443	824,561
Operating Income (Loss)	(251,357)	91,202
NONOPERATING REVENUES:		
Interest and investment income	9,379	9,149
Loss on sale of equipment	(1,182)	-
Total nonoperating revenues	8,197	9,149
Change in net position	(243,160)	100,351
Net position - beginning of year, as restated	1,921,338	1,820,987
Net position - end of year	\$ 1,678,178	\$ 1,921,338

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

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
<u>Cash flows from operating activities:</u>		
Proceeds from Texas A&M University	\$ 325,930	\$ 380,230
Proceeds from membership, gifts, and underwriting	157,337	331,666
Proceeds from grants	110,596	228,224
Payments for employee salaries	(607,876)	(413,271)
Payments to suppliers for goods and services	<u>(330,011)</u>	<u>(398,538)</u>
Net cash provided (used) by operating activities	<u>(344,024)</u>	<u>128,311</u>
<u>Cash flows from investing activities:</u>		
Interest received	9,379	9,149
Cash paid for purchase of capital assets	<u>(206,186)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(196,807)</u>	<u>9,149</u>
Net increase (decrease) in cash and cash equivalents	(540,831)	137,460
Cash and cash equivalents - beginning of the year	<u>2,043,387</u>	<u>1,905,927</u>
Cash and cash equivalents - end of the year	<u>\$ 1,502,556</u>	<u>\$ 2,043,387</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (251,357)	\$ 91,202
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	25,102	5,354
Changes in assets and liabilities:		
Prepaid expenses	25,218	(57,543)
Accounts receivable	(87,281)	(4,727)
Due from KAMU-TV	107,106	(37,886)
Accounts payable	(23,352)	8,932
Unearned revenue-CPB grants	<u>(139,460)</u>	<u>122,979</u>
Net cash provided (used) by operating activities	<u>\$ (344,024)</u>	<u>\$ 128,311</u>

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

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements
August 31, 2022 and 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of KAMU-FM are presented for the purpose of reporting to the Corporation for Public Broadcasting. KAMU-FM 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-FM 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-FM's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Reporting Entity

KAMU-FM 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-FM's primary functions are to promote, establish and provide public broadcasting and other noncommercial educational telecommunications services.

The accompanying financial statements represent only the accounts of KAMU-FM and are not intended to present the financial position or results of operations of the University.

There are no component units included within the reporting entity.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2022 and 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Cash and Cash Equivalents

KAMU-FM 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, 2022 and 2021, 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-FM 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-FM uses the straight-line method to calculate depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
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-FM’s operations.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2022 and 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Pledges and Contributions

KAMU-FM 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-FM 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-FM'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, 2022. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of KAMU-FM. 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-FM 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-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2022 and 2021

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. Restatement

In an attempt to address deficiencies noted in prior audits, management appointed a new office within the University to prepare the financial statements beginning with fiscal year 2022. This change resulted in process changes and implementation of accounting software to aid in the preparation of the financial statements. The process changes addressed data collection, reporting full accrual basis financial statements at year end, and reconciling back to the University's system of record, FAMIS. It became apparent during this process that the beginning balances for FY 2022 needed adjustment in order for the ending 2022 balances to reconcile to FAMIS. Following is a summary of the adjustments:

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2022 and 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Restatement - Continued

Net position has been restated as follows:

Beginning Net Position – 9/1/20, as previously presented	<u>\$1,750,149</u>
Corrections for 2020 and prior:	
Cash – Fund balance was confirmed in prior years versus cash balance	82,729
Endowments – Endowments were not allocated properly between TV and FM	161,529
Due from KAMU-TV – Endowments were not allocated properly between TV and FM	(161,529)
AR – Friends of KAMU – written off	(270)
Accounts Receivable – written off	(1,230)
Capital Assets – removed controlled equipment that was reported as capital in the past	(10,211)
Accounts Payable	<u>(180)</u>
Total prior period adjustments - Years Prior to 2021	<u>70,838</u>
Beginning Net Position – 9/1/20, as restated	<u>\$1,820,987</u>
Corrections for 2021:	
Deferred revenue – adjusted for prepaid expenses in prior year	<u>(69,869)</u>
Total prior period adjustments	<u>\$ 969</u>

M. Change in Presentation

In 2021, KAMU-FM changed its financial statement presentation to be in accordance with 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 2022, additional changes in presentation were made to 2022 and 2021.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2022 and 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. Change in Presentation - Continued

Cash and cash equivalents are split between current unrestricted and current and noncurrent restricted. Cash associated with expendable endowments, contracts and grants are reported as current restricted cash and cash equivalents. Nonexpendable endowments are reported as noncurrent restricted cash and cash equivalents. Previously all were reported as current cash and cash equivalents.

Restricted net position is shown as restricted for grants and contracts, expendable endowments and nonexpendable endowments. Previously all were recorded as restricted net position.

Depreciation expense on the Statement of Revenues, Expenses and Changes in Net Position is reported on a separate line under Support Services. Depreciation expense is not tracked by functional expenses. Previously depreciation expense was included with programming and production expenses.

The Schedule of Functional Expenses that was previously included as supplemental information has been removed. This is not a required schedule.

II. RESTRICTED CASH AND CASH EQUIVALENTS

KAMU-FM reports the following in restricted cash as of August 31, 2022 and 2021:

	<u>2022</u>	<u>Restated 2021</u>
Expendable:		
Grants & Contracts	\$144,894	\$256,439
Endowment Funds	<u>88,589</u>	<u>109,875</u>
	<u>\$233,483</u>	<u>\$366,314</u>
Nonexpendable:		
Endowment Funds	<u>\$166,653</u>	<u>\$166,653</u>

III. RECEIVABLES

Receivables consisted of the following at August 31, 2022 and 2021:

	<u>2022</u>	<u>Restated 2021</u>
Pledges	\$ 10,387	\$10,202
Underwriting/Contracts	<u>93,532</u>	<u>6,436</u>
	<u>\$103,919</u>	<u>\$16,638</u>

KAMU-FM
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Notes to the Basic Financial Statements - Continued
August 31, 2022 and 2021

IV. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2022 was as follows:

	Restated Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Building	\$ 14,512	\$ -	\$ -	\$ 14,512
Equipment	<u>376,480</u>	<u>206,186</u>	<u>38,459</u>	<u>544,207</u>
Total capital assets, being depreciated	<u>390,992</u>	<u>206,186</u>	<u>38,459</u>	<u>558,719</u>
Less accumulated depreciation for:				
Building	13,787	-	-	13,787
Equipment	<u>355,781</u>	<u>25,102</u>	<u>37,277</u>	<u>343,606</u>
Total accumulated depreciation	<u>369,568</u>	<u>25,102</u>	<u>37,277</u>	<u>357,393</u>
Total capital assets, being depreciated, net	<u>\$ 21,424</u>	<u>\$181,084</u>	<u>\$ 1,182</u>	<u>\$201,326</u>

Current depreciation expense of \$25,102 was reported as a separate line under Support Services.

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

	Restated Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Restated Ending <u>Balance</u>
Building	\$ 14,512	\$ -	\$ -	\$ 14,512
Equipment	<u>376,480</u>	-	-	<u>376,480</u>
Total capital assets, being depreciated	<u>390,992</u>	-	-	<u>390,992</u>
Less accumulated depreciation for:				
Building	13,787	-	-	13,787
Equipment	<u>350,427</u>	<u>5,354</u>	-	<u>355,781</u>
Total accumulated depreciation	<u>364,214</u>	<u>5,354</u>	-	<u>369,568</u>
Total capital assets, being depreciated, net	<u>\$ 26,778</u>	<u>(\$ 5,354)</u>	<u>\$ -</u>	<u>\$ 21,424</u>

Current depreciation expense of \$5,354 was reported as a separate line under Support Services.

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

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V. PENSION PLAN – Continued

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.

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.

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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 2022 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-FM was \$718,954 and \$787,283 for 2022 and 2021 respectively.

VIII. COMMUNITY SERVICE GRANTS (CSGs)

KAMU-FM 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:

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VIII. COMMUNITY SERVICE GRANTS (CSGs) - Continued

For the year ended August 31, 2022:

Grant Period	Amounts Received	Expended			Uncommitted
		2020 & Prior	2021	2022	Balance at August 31, 2022
2020-2022	\$111,637	\$ -	\$ -	\$93,257	\$ 18,380
2021-2023	114,663	-	-	625	114,038

For the year ended August 31, 2021:

Grant Period	Amounts Received	Expended			Uncommitted
		2019 & Prior	2020	2021	Balance at August 31, 2021
2019-2021	\$ 99,945	\$ -	\$ -	\$99,945	\$ -
2020-2022	111,637	-	-	-	111,637

IX. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from the University of \$160,061 in 2022 and \$45,053 in 2021 consists of allocated institutional support and physical plant costs incurred by various other divisions of the University for which KAMU-FM 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 years ended August 31, 2022 and 2021, the indirect support was calculated using the standard method adopted by the Corporation for Public Broadcasting (CPB).

X. CONTRIBUTED IN-KIND SUPPORT

Contributed support represents expenses paid on behalf of KAMU-FM by others outside the reporting entity, and includes contributed professional services and donated materials or facilities. 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-FM. These costs for 2022 and 2021, respectively, were \$8,007 and \$8,628.

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XI. LEASE COMMITMENTS

Beginning in fiscal year 2010, KAMU-FM 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 \$3,600 in 2021. The lease was cancelled February 28, 2021.

KAMU-FM received rent from a Telecommunication Tower lease between the Texas A&M System and Cellco Partnership d/b/a Verizon Wireless. The lease began February 1, 2018 at \$60,000 per year with an annual 3% increase. The lease expires January 31, 2023.

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