

KAMU – FM

A Public Telecommunications Entity

Operated by Texas A&M University

Financial Statements

For the Years Ended August 31, 2023 and 2022

KAMU-FM
A Public Telecommunications Entity
Operated by Texas A&M University
TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-7
Financial Statements:	
Statements of Net Position as of August 31, 2023 and 2022	8
Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended August 31, 2023 and 2022	9
Statements of Cash Flows for the Years Ended August 31, 2023 and 2022	10
Notes to the Basic Financial Statements	11-21



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

General (Ret.) Mark A. Welsh III
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, 2023 and 2022, 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, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KAMU-FM, 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 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Impson, Wallis; Company

Bryan, Texas
March 29, 2024

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022 (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, 2023 and 2022.

Management of KAMU-FM has prepared the following discussion. Readers should also review the Independent Auditors' 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 400 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, 2023 and 2022 (Unaudited)

Condensed Financial Information

The following table illustrates the assets, liabilities, and net position for the years ending August 31, 2023 and 2022:

Condensed Statements of Net Position

	<u>2023</u>	<u>2022</u>
Current Assets	\$1,867,098	\$1,503,148
Noncurrent Assets	166,653	166,653
Capital Assets (net)	<u>282,305</u>	<u>201,326</u>
Total Assets	<u>2,316,056</u>	<u>1,871,127</u>
Current Liabilities	295,116	192,949
Noncurrent Liabilities	<u>46,253</u>	<u>-</u>
Total Liabilities	<u>341,369</u>	<u>192,949</u>
Invested in Capital Assets, net	282,305	201,326
Restricted	160,386	279,203
Unrestricted	<u>1,531,996</u>	<u>1,197,649</u>
Total Net Position	<u>\$1,974,687</u>	<u>\$1,678,178</u>

The following table illustrates revenues, expenses and changes in net position for the years ending August 31, 2023 and 2022.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>
Operating revenues		
TAMU direct and indirect support	\$ 1,214,721	\$ 429,091
Grants	172,606	250,056
Membership, gifts and other	<u>265,073</u>	<u>244,618</u>
Total Revenue	<u>1,652,400</u>	<u>923,765</u>
Operating expenses		
Program services	587,520	577,295
Supporting services	<u>778,266</u>	<u>597,827</u>
Total Expenses	<u>1,365,786</u>	<u>1,175,122</u>
Operating income (loss)	<u>286,614</u>	<u>(251,357)</u>
Nonoperating revenue		
Interest, investment, and other	<u>9,895</u>	<u>8,197</u>
Change in net position	296,509	(243,160)
Beginning net position	<u>1,678,178</u>	<u>1,921,338</u>
Ending net position	<u>\$1,974,687</u>	<u>\$1,678,178</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, 2023 and 2022 (Unaudited)

Financial Highlights

The increase in net position of \$296,509 is primarily related to a \$728,000 increase in operating revenues and a \$190,000 increase in operating expenses which resulted in a \$538,000 increase in operating income. The increase in revenues mainly consists of a \$749,000 increase in state funds furnished by Texas A&M University for the funding of a new building, and a \$77,000 decrease in grants from the Corporation for Public Broadcasting that were related to COVID and are no longer being received. The increase in expenses is comprised of a \$100,000 increase for management and general payroll due to the associate executive director that KAMU-FM hired in 2022 being on the payroll for the full year of 2023, a \$37,000 increase for indirect support as the indirect cost rate increased from 8% in 2022 to 11% in 2023, and a \$24,000 increase in depreciation and amortization related to the new lease obligations and investment in capital assets.

Economic Outlook

KAMU hired an Associate Executive Director last year who has implemented changes in program format and pledge structure that we believe will decrease expenses and increase revenue along with attracting a larger audience in the future. These format changes incorporated new local shows that the development staff have found to be what many of the businesses in our community wish to invest in. KAMU has a 24-hour classical channel that development is building underwriting packages aimed at corporate sponsorships that will provide another avenue of revenue. Challenges this year that will tax our funding include another departmental move and the search for a department head. We believe this move will be to a permanent location that will be easily accessible to our customers. The addition of a department head will allow those doubled up on tasks to return to providing much better service in many areas that affect growth.

Capital Assets

KAMU-FM's investment in capital assets as of August 31, 2023, amounts to \$282,305 (net of accumulated depreciation). This investment in capital assets includes buildings, building improvements, machinery and equipment. KAMU-FM has also made commitments for capital expenditures in fiscal year 2024 of \$1,410,063 for a new building that will house the TV master control, engineering, and FM on-air.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University)
Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2023 and 2022 (Unaudited)

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
Innovative Learning Classroom Building, Third Floor
215 Lamar St.
College Station, TX 77843-4244*

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Statements of Net Position
August 31, 2023 and 2022

	<u>August 31, 2023</u>	<u>August 31, 2022</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 263,123	\$ 1,102,420
Restricted cash and cash equivalents	1,545,847	233,483
Receivables	16,687	103,919
Due from KAMU-TV	-	5,555
Prepaid expenses	41,441	57,771
Total current assets	<u>1,867,098</u>	<u>1,503,148</u>
Noncurrent Assets		
Restricted cash and cash equivalents	166,653	166,653
Capital Assets (net of accumulated depreciation/amortization)		
Buildings	725	725
Equipment	207,878	200,601
Lease/right to use building	73,702	-
Total capital assets	<u>282,305</u>	<u>201,326</u>
Total noncurrent assets	<u>448,958</u>	<u>367,979</u>
Total assets	<u>\$ 2,316,056</u>	<u>\$ 1,871,127</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts payable	\$ 1,473	\$ 2,036
Accrued interest	176	-
Unearned revenue	142,051	190,913
Due to KAMU-TV	123,730	-
Lease liability	27,686	-
Total current liabilities	<u>295,116</u>	<u>192,949</u>
Noncurrent liabilities		
Lease liability	46,253	-
Total noncurrent liabilities	<u>46,253</u>	<u>-</u>
Total liabilities	<u>341,369</u>	<u>192,949</u>
Net Position		
Net investment in capital assets	282,305	201,326
Restricted for:		
Grants and Contracts	(6,267)	24,179
Endowment		
Expendable	-	88,371
Nonexpendable	166,653	166,653
Unrestricted	<u>1,531,996</u>	<u>1,197,649</u>
Total net position	<u>1,974,687</u>	<u>1,678,178</u>
Total liabilities and net position	<u>\$ 2,316,056</u>	<u>\$ 1,871,127</u>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:		
State funds furnished by Texas A&M University	\$ 1,088,133	\$ 339,351
Indirect administrative and occupancy support from Texas A&M University	126,588	89,740
Grants from the Corporation for Public Broadcasting	172,606	250,056
Membership donations	146,032	129,766
Sales and services	45,320	34,455
Underwriting	73,721	80,397
Total operating revenues	1,652,400	923,765
OPERATING EXPENSES:		
Program Services		
Programming and production	377,204	269,960
Broadcasting	206,812	301,941
Program information and promotion	3,504	5,394
Support Services		
Fundraising and membership	113,156	92,085
Underwriting	43,523	38,377
Management and general	572,921	442,263
Depreciation and amortization expense	48,666	25,102
Total operating expenses	1,365,786	1,175,122
Operating Income (Loss)	286,614	(251,357)
NONOPERATING REVENUES:		
Interest and investment income	9,895	9,379
Loss on sale of equipment	-	(1,182)
Total nonoperating revenues	9,895	8,197
Change in net position	296,509	(243,160)
Net position - beginning of year	1,678,178	1,921,338
Net position - end of year	\$ 1,974,687	\$ 1,678,178

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities:</u>		
Proceeds from Texas A&M University	\$ 1,082,564	\$ 325,930
Proceeds from membership, gifts, and underwriting	352,305	157,337
Proceeds from grants	123,744	110,596
Payments for employee salaries	(778,401)	(607,876)
Payments to suppliers for goods and services	(260,622)	(330,011)
Interest paid	(888)	-
	<u>518,702</u>	<u>(344,024)</u>
<u>Cash flows from capital and related financing activities:</u>		
Payments on lease obligations	(10,654)	-
Acquisition of capital assets	(44,876)	(206,186)
	<u>(55,530)</u>	<u>(206,186)</u>
<u>Cash flows from investing activities:</u>		
Interest received	9,895	9,379
	<u>9,895</u>	<u>9,379</u>
Net increase (decrease) in cash and cash equivalents	473,067	(540,831)
Cash and cash equivalents - beginning of the year	1,502,556	2,043,387
Cash and cash equivalents - end of the year	<u>\$ 1,975,623</u>	<u>\$ 1,502,556</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 286,614	\$ (251,357)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	48,666	25,102
Changes in assets and liabilities:		
Prepaid expenses	16,330	25,218
Accounts receivable	87,232	(87,281)
Due to/from KAMU-TV	129,285	107,106
Accounts payable	(563)	(23,352)
Unearned revenue-CPB grants	(48,862)	(139,460)
	<u>\$ 518,702</u>	<u>\$ (344,024)</u>

A lease obligation was incurred when KAMU-FM entered into a building lease: \$84,769

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, 2023 and 2022

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, 2023 and 2022

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, 2023, 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. Right-to-Use-Assets

Right-to-Use (RTU) assets represent the right to use another entity’s nonfinancial asset (building, land, equipment, subscription software, etc.) for a specified period of time as defined in the lease contract. RTU assets and the related lease liability are recognized at the lease commencement date and measured based on the present value of future lease payments.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Lease Liabilities

Lease liabilities represent KAMU-FM's obligation to make lease payments arising from leases meeting the A&M System's \$100,000 threshold per RTU asset, excluding short term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by the A&M System. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

H. Unearned Revenue

KAMU-FM records receivables when revenue is earned but not collected. Unearned revenue is recognized when cash is received prior to revenue recognition, and is considered a liability.

I. 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.

J. 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, 2023. 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.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. 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.

L. 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.

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.

M. 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.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. Corporation for Public Broadcasting 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.

N. 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.

II. RESTRICTED CASH AND CASH EQUIVALENTS

KAMU-FM reports the following in restricted cash as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Expendable:		
Grants & Contracts	\$ 135,784	\$144,894
Endowment Funds	-	88,589
Construction Escrow	<u>1,410,063</u>	<u>-</u>
	<u>\$1,545,847</u>	<u>\$233,483</u>
Nonexpendable:		
Endowment Funds	<u>\$ 166,653</u>	<u>\$166,653</u>

III. RECEIVABLES

Receivables consisted of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Pledges	\$ 10,691	\$ 10,387
Underwriting/Contracts	<u>5,996</u>	<u>93,532</u>
	<u>\$ 16,687</u>	<u>\$103,919</u>

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

IV. CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Depreciable Assets:				
Building	\$ 14,512	\$ -	\$ -	\$ 14,512
Equipment	<u>544,207</u>	<u>44,876</u>	<u>261,535</u>	<u>327,548</u>
Total capital assets, being depreciated	<u>558,719</u>	<u>44,876</u>	<u>261,535</u>	<u>342,060</u>
Less accumulated depreciation for:				
Building	13,787	-	-	13,787
Equipment	<u>343,606</u>	<u>37,599</u>	<u>261,535</u>	<u>119,670</u>
Total accumulated depreciation	<u>357,393</u>	<u>37,599</u>	<u>261,535</u>	<u>133,457</u>
Capital assets, being depreciated, net	<u>\$201,326</u>	<u>\$ 7,277</u>	<u>\$ -</u>	<u>\$208,603</u>
Right-to-Use Assets:				
Lease/Right to Use Building	\$ -	\$ 84,769	\$ -	\$ 84,769
Total Right-to-Use Assets, being amortized	<u>-</u>	<u>84,769</u>	<u>-</u>	<u>84,769</u>
Less accumulated amortization for:				
Lease/Right to Use Building	<u>-</u>	<u>11,067</u>	<u>-</u>	<u>11,067</u>
Total accumulated amortization	<u>-</u>	<u>11,067</u>	<u>-</u>	<u>11,067</u>
Right-to-Use Assets, being amortized, net	<u>\$ -</u>	<u>\$ 73,702</u>	<u>\$ -</u>	<u>\$ 73,702</u>
Total Capital and Right-to-Use Assets, net	<u>\$201,326</u>	<u>\$ 80,979</u>	<u>\$ -</u>	<u>\$282,305</u>

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

	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>

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

IV. CAPITAL ASSETS - Continued

Current depreciation and amortization expense of \$48,666 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 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.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

VI. OTHER POSTEMPLOYMENT BENEFITS - Continued

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.

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 2023 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.

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

VII. NONFEDERAL FINANCIAL SUPPORT (NFFS) – Continued

Reported NFFS for KAMU-FM was \$1,444,369 and \$648,633 for 2023 and 2022 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:

For the year ended August 31, 2023:

Grant Period	Amounts Received	Expended			Uncommitted
		2021 & Prior	2022	2023	Balance at August 31, 2023
2020-2022	\$111,637	\$ -	\$93,257	\$18,380	\$ -
2021-2023	114,663	-	625	114,038	-
2023-2025	120,647	-	-	94	120,553

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

IX. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from the University of \$126,588 in 2023 and \$89,740 in 2022 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, 2023 and 2022, the indirect support was calculated using the standard method adopted by the Corporation for Public Broadcasting (CPB).

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

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 2023 and 2022, respectively, were \$0 and \$8,007.

XI. LEASES

GASB Statement No. 87, Leases, effective 2022, establishes a unified model for financial reporting based on the common principle that leases represent financings of the right to use underlying assets. Under GASB 87, lessees must recognize a lease liability and an intangible right-to-use lease asset, while lessors recognize a lease receivable and a deferred inflow of resources. Limited exceptions are provided for short-term arrangements, lasting a maximum of twelve months at inception (including extension options) and financed purchases. The recognition and measurement of these arrangements are based on the circumstances existing at the beginning of the reporting period. The State of Texas Comptroller's Office has established materiality thresholds for these standards (\$100,000 per asset for GASB 87-Leases), which KAMU-FM has adopted.

KAMU has executed one lease contract for a building which has been assessed in accordance with GASB 87, along with the State Comptroller Office's requirements. The lease has a rental rate of \$4,911.64 per month for a total of 36 months with an end date of April 09, 2026. The building is used by both KAMU-FM and KAMU-TV. Each pays 50% of the rent. As of August 31, 2023, the net right-to-use (RTU) assets and corresponding lease liabilities associated with future lease payments reported on the statement of net position totaled \$73,702 and \$73,939, respectively.

Future Lease Payments:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 27,686	\$ 1,783	\$ 29,469
2025	28,505	965	29,470
2026	<u>17,748</u>	<u>180</u>	<u>17,928</u>
Total	<u>\$ 73,939</u>	<u>\$ 2,928</u>	<u>\$ 76,867</u>

KAMU-FM
A Public Telecommunications Entity Operated by Texas A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2023 and 2022

XI. LEASES - Continued

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 was renewed effective July 1, 2023 for a term of five years, unless cancelled or terminated, at a rate of \$67,254 per year. Either party may terminate the lease without cause at any time upon providing 12 months written notice. As such, KAMU-FM has determined that the lease is considered short-term.

XII. COMMITMENTS

Construction will begin on the KAMU Technical Operation Building located in Hensel Park in fiscal year 2024. The new building will house the TV master control, engineering, and FM on-air. The total cost of the building is estimated to be \$3,900,000. Texas A&M University contributed \$1,900,000 to the project and KAMU will fund the balance of \$2,000,000. The entire \$3,900,000 has been placed in a restricted cash account at August 31, 2023. KAMU-FM reports \$1,410,063 as restricted cash. KAMU-TV reports the remainder of the balance of restricted cash.

XIII. TRANSACTIONS WITH RELATED PARTIES

At August 31, 2023, KAMU-FM had amounts payable to KAMU-TV of \$123,730 for FM payrolls that were paid out of a TV account, and items that were charged to TV accounts that are split with FM.

At August 31, 2022, KAMU-FM had amounts receivable from KAMU-TV of \$5,555 for items that were charged to FM accounts that are split with TV.