

# **KAMU – TV**

**A Public Telecommunications Entity**

**Operated by Texas A&M University**

**Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

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

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-TV, a public telecommunications entity operated by Texas A&M University, as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise KAMU-TV'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-TV, as of August 31, 2024 and 2023, 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-TV, 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-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.

#### **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-TV'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-TV'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-TV'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.

*Ingram, Wallis & Company, P.C.*

Bryan, Texas  
April 8, 2025

KAMU-TV  
A Public Telecommunications Entity Operated by Texas A&M University  
Management's Discussion and Analysis  
For the Years Ended August 31, 2024 & 2023 (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, 2024 and 2023.

Management of KAMU-TV 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-TV's performance.

The signal of KAMU-TV/DT reaches an estimated 143,000 households and, out of that number, approximately 73,000 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 2,000 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. 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, 2024 & 2023 (Unaudited)

**Condensed Financial Information**

The following table illustrates the assets, liabilities, and net position for the years ending August 31, 2024 and 2023:

**Condensed Statements of Net Position**

	<u>2024</u>	<u>2023</u>
Current Assets	\$2,293,100	\$4,518,442
Other Noncurrent Assets	216,152	208,794
Capital Assets (net)	<u>2,695,335</u>	<u>563,533</u>
Total Assets	<u>5,204,587</u>	<u>5,290,769</u>
Current Liabilities	966,739	1,103,684
Noncurrent Liabilities	<u>17,748</u>	<u>46,253</u>
Total Liabilities	<u>984,487</u>	<u>1,149,937</u>
Invested in Capital Assets, net	2,695,335	563,533
Restricted	329,992	270,741
Unrestricted	<u>1,194,773</u>	<u>3,306,558</u>
Total Net Position	<u>\$4,220,100</u>	<u>\$4,140,832</u>

The following table illustrates revenues, expenses and changes in net position for the years ending August 31, 2024, and 2023.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2024</u>	<u>2023</u>
Operating revenues		
TAMU direct and indirect support	\$ 1,702,045	\$ 2,106,173
Grants	1,089,861	919,220
Membership, gifts and other	<u>305,211</u>	<u>357,648</u>
Total Revenue	<u>3,097,117</u>	<u>3,383,041</u>
Operating expenses		
Program services	1,990,246	1,565,374
Supporting services	<u>1,006,870</u>	<u>1,003,695</u>
Total Expenses	<u>2,997,116</u>	<u>2,569,069</u>
Operating income	<u>100,001</u>	<u>813,972</u>
Nonoperating revenue (expense)		
Interest, investment and other	<u>(20,733)</u>	<u>8,437</u>
Change in net position	79,268	822,409
Beginning net position	<u>4,140,832</u>	<u>3,318,423</u>
Ending net position	<u>\$ 4,220,100</u>	<u>\$4,140,832</u>

KAMU-TV  
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Management's Discussion and Analysis - Continued  
For the Years Ended August 31, 2024 & 2023 (Unaudited)

### **Financial Highlights**

The change in net position of \$79,268 is reflective of KAMU-TV receiving less state funding from Texas A&M University, and the current economic slowdown in sponsorships. The state funds received were \$1,386,731 in 2024 compared to \$1,870,950 in 2023. The amounts received included funds for the completion of a new building of \$740,126 in 2024 and \$1,288,381 in 2023.

### **Economic Outlook**

KAMU is securing a permanent home and currently moving into a new building. Additionally, costs continue to accrue related to moving expenses and having to rebuild the infrastructure of a new TV station. As our resources continue to be strained, we dialed down original storytelling efforts to make time for our visual media team to do more paid assignments as a production group. Our one development officer is expanding her efforts to include applying for grants from foundations.

In summer 2024, Texas A&M University appointed a new General Manager who swiftly implemented strategic changes in program formats and pledge structures aimed at reducing expenses and boosting revenue. These measures are designed to attract a broader audience, with a focus on programs that resonate with the local community. The creative team has introduced several new local shows that have garnered strong interest from potential donors who are looking to invest in the station. The current economic slowdown in local paid sponsorships presents a challenge. We hope to introduce underwriting packages for corporate sponsorships, providing a promising new revenue stream. To address the challenge, the development team is collaborating with a class in the Department of Communications and Journalism on a semester-long project exploring innovative approaches to securing funding and diversifying revenue sources in a tougher market. Plans are underway to create connections with former students by highlighting their entrepreneurial efforts and career development opportunities in hopes of also luring more financial support from this group.

### **Capital Assets**

KAMU-TV's investment in capital assets as of August 31, 2024, amounts to \$2,695,335 (net of accumulated depreciation). This investment in capital assets includes buildings, building improvements, construction in progress, machinery, and equipment. KAMU-TV also has commitments for capital expenditures in fiscal year 2025 of \$528,937 for completion of a new building that will house the TV master control, engineering, and FM on-air.

KAMU-TV  
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Management's Discussion and Analysis - Continued  
For the Years Ended August 31, 2024 & 2023 (Unaudited)

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

**KAMU-TV**  
**A Public Telecommunications Entity Operated by Texas A&M University**  
**Statements of Net Position**  
**August 31, 2024 and 2023**

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 508,940	\$ 656,323
Restricted cash and cash equivalents	1,476,587	3,649,563
Due from KAMU-FM	239,593	123,730
Receivables	44,533	64,017
Prepaid expenses	23,447	24,809
Total current assets	2,293,100	4,518,442
Noncurrent Assets		
Restricted cash and cash equivalents	216,152	208,794
Capital Assets (net of accumulated depreciation/amortization)		
Buildings	-	28,749
Equipment	525,724	461,082
Construction in Progress	2,124,165	-
Lease/right to use building	45,446	73,702
Total capital assets	2,695,335	563,533
Total noncurrent assets	2,911,487	772,327
Total assets	\$ 5,204,587	\$ 5,290,769
<b><u>LIABILITIES AND NET POSITION</u></b>		
Current Liabilities		
Accounts payable	\$ 104,315	\$ 71,788
Accrued interest	109	176
Unearned revenue	833,810	1,004,034
Lease liability	28,505	27,686
Total current liabilities	966,739	1,103,684
Noncurrent liabilities		
Lease liability	17,748	46,253
Total noncurrent liabilities	17,748	46,253
Total liabilities	984,487	1,149,937
Net Position		
Net investment in capital assets	2,695,335	563,533
Restricted for:		
Contracts and grants	96,382	50,041
Endowment		
Expendable	17,458	11,906
Nonexpendable	216,152	208,794
Unrestricted	1,194,773	3,306,558
Total net position	4,220,100	4,140,832
Total liabilities and net position	\$ 5,204,587	\$ 5,290,769

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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUES:</b>		
State funds furnished by Texas A&M University	\$ 1,386,731	\$ 1,870,950
Indirect administrative and occupancy support from Texas A&M University	315,314	235,223
Grants from the Corporation for Public Broadcasting	1,089,861	919,220
Membership donations	166,063	213,873
Sales and services	104,558	72,570
Underwriting	34,590	71,205
Total operating revenues	<u>3,097,117</u>	<u>3,383,041</u>
<b>OPERATING EXPENSES:</b>		
Program Services		
Programming and production	1,148,077	979,567
Broadcasting	842,169	585,807
Support Services		
Fundraising and membership	102,509	115,305
Underwriting	67,224	63,024
Management and general	628,883	703,735
Depreciation and amortization expense	208,254	121,631
Total operating expenses	<u>2,997,116</u>	<u>2,569,069</u>
Operating income (loss)	<u>100,001</u>	<u>813,972</u>
<b>NONOPERATING REVENUES:</b>		
Interest and investment income	16,835	8,576
Loss on sale of equipment	(37,568)	(139)
Total nonoperating revenues	<u>(20,733)</u>	<u>8,437</u>
Change in net position	79,268	822,409
Net position - beginning of year	<u>4,140,832</u>	<u>3,318,423</u>
Net position - end of year	<u>\$ 4,220,100</u>	<u>\$ 4,140,832</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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities:</u>		
Proceeds from Texas A&M University	\$ 1,378,366	\$ 1,862,239
Proceeds from membership, gifts, and underwriting	324,695	339,610
Proceeds from grants	919,637	840,202
Payments for employee salaries	(1,278,542)	(1,175,240)
Payments to suppliers for goods and services	(1,266,898)	(1,086,417)
Interest paid	<u>(1,717)</u>	<u>(888)</u>
Net cash provided by operating activities	<u>75,541</u>	<u>779,506</u>
<u>Cash flows from capital and related financing activities:</u>		
Payments on lease obligations	(27,753)	(10,654)
Acquisition of capital assets	(253,459)	(140,625)
Construction in Progress	<u>(2,124,165)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(2,405,377)</u>	<u>(151,279)</u>
<u>Cash flows from investing activities:</u>		
Interest received	<u>16,835</u>	<u>8,576</u>
Net cash provided by investing activities	<u>16,835</u>	<u>8,576</u>
Net increase (decrease) in cash and cash equivalents	(2,313,001)	636,803
Cash and cash equivalents - beginning of the year	<u>4,514,680</u>	<u>3,877,877</u>
Cash and cash equivalents - end of the year	<u>\$ 2,201,679</u>	<u>\$ 4,514,680</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 100,001	\$ 813,972
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	208,254	121,631
Changes in assets and liabilities:		
Prepaid expenses	1,362	57,688
Accounts receivable	19,484	(18,037)
Due to/from KAMU-FM	(115,863)	(129,285)
Accounts payable	32,527	12,556
Unearned revenue-CPB grants	<u>(170,224)</u>	<u>(79,019)</u>
Net cash provided by operating activities	<u>\$ 75,541</u>	<u>\$ 779,506</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  
August 31, 2024 and 2023

**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.

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, 2024 and 2023

**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, 2024, 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. 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-TV  
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Notes to the Basic Financial Statements - Continued  
August 31, 2024 and 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**G. Lease Liabilities**

Lease liabilities represent KAMU-TV'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-TV 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-TV's operations.

**J. 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, 2024. 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.

KAMU-TV  
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Notes to the Basic Financial Statements - Continued  
August 31, 2024 and 2023

**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-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.

**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-TV  
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Notes to the Basic Financial Statements - Continued  
August 31, 2024 and 2023

**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-TV reports the following in restricted cash as of August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Expendable:		
Grants & Contracts	\$ 930,192	\$1,055,720
Endowment Funds	17,458	11,906
Construction Escrow	<u>528,937</u>	<u>2,581,937</u>
	<u>\$1,476,587</u>	<u>\$3,649,563</u>
Nonexpendable:		
Endowment Funds	<u>\$ 216,152</u>	<u>\$ 208,794</u>

**III. RECEIVABLES**

Receivables consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Pledges	\$ 23,658	\$ 27,759
Underwriting/Sales and Service	<u>20,875</u>	<u>36,258</u>
	<u>\$ 44,533</u>	<u>\$ 64,017</u>

KAMU-TV  
A Public Telecommunications Entity Operated by Texas A&M University  
Notes to the Basic Financial Statements - Continued  
August 31, 2024 and 2023

**IV. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2024 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Non-Depreciable Assets:				
Construction in Progress	\$ -	\$2,124,165	\$ -	\$2,124,165
Total non-depreciable assets	<u>-</u>	<u>2,124,165</u>	<u>-</u>	<u>2,124,165</u>
Depreciable Assets:				
Building	600,821	-	575,584	25,237
Antenna	41,775	-	-	41,775
Equipment	<u>3,459,873</u>	<u>253,459</u>	<u>132,855</u>	<u>3,580,477</u>
Total capital assets, being depreciated	<u>4,102,469</u>	<u>253,459</u>	<u>708,439</u>	<u>3,647,489</u>
Less accumulated depreciation for:				
Building	572,072	-	546,835	25,237
Antenna	41,775	-	-	41,775
Equipment	<u>2,998,791</u>	<u>179,998</u>	<u>124,036</u>	<u>3,054,753</u>
Total accumulated depreciation	<u>3,612,638</u>	<u>179,998</u>	<u>670,871</u>	<u>3,121,765</u>
Capital assets, being depreciated, net	<u>489,831</u>	<u>73,461</u>	<u>37,568</u>	<u>525,724</u>
Right-to-Use Assets:				
Lease/Right to Use Building	<u>84,769</u>	<u>-</u>	<u>-</u>	<u>84,769</u>
Total Right-to-Use Assets, being amortized	<u>84,769</u>	<u>-</u>	<u>-</u>	<u>84,769</u>
Less accumulated amortization for:				
Lease/Right to Use Building	<u>11,067</u>	<u>28,256</u>	<u>-</u>	<u>39,323</u>
Total accumulated amortization	<u>11,067</u>	<u>28,256</u>	<u>-</u>	<u>39,323</u>
Right-to-Use Assets, being amortized, net	<u>73,702</u>	<u>(28,256)</u>	<u>-</u>	<u>45,446</u>
Total Capital and Right-to-Use Assets, net	<u>\$563,533</u>	<u>\$2,169,370</u>	<u>\$ 37,568</u>	<u>\$2,695,335</u>

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**IV. CAPITAL ASSETS- Continued**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable Assets:				
Building	\$ 600,821	\$ -	\$ -	\$ 600,821
Antenna	41,775	-	-	41,775
Equipment	<u>3,332,713</u>	<u>140,625</u>	<u>13,465</u>	<u>3,459,873</u>
Total capital assets, being depreciated	<u>3,975,309</u>	<u>140,625</u>	<u>13,465</u>	<u>4,102,469</u>
Less accumulated depreciation for:				
Building	572,072	-	-	572,072
Antenna	41,775	-	-	41,775
Equipment	<u>2,901,553</u>	<u>110,564</u>	<u>13,326</u>	<u>2,998,791</u>
Total accumulated depreciation	<u>3,515,400</u>	<u>110,564</u>	<u>13,326</u>	<u>3,612,638</u>
Capital assets, being depreciated, net	<u>459,909</u>	<u>30,061</u>	<u>139</u>	<u>489,831</u>
Right-to-Use Assets:				
Lease/Right to Use Building	-	<u>84,769</u>	-	<u>84,769</u>
Total Right-to-Use Assets, being amortized	-	<u>84,769</u>	-	<u>84,769</u>
Less accumulated amortization for:				
Lease/Right to Use Building	-	<u>11,067</u>	-	<u>11,067</u>
Total accumulated amortization	-	<u>11,067</u>	-	<u>11,067</u>
Right-to-Use Assets, being amortized, net	-	<u>73,702</u>	-	<u>73,702</u>
Total Capital and Right-to-Use Assets, net	<u>\$459,909</u>	<u>\$103,763</u>	<u>\$ 139</u>	<u>\$563,533</u>

Depreciation and amortization expense of \$208,254 and \$121,631 was reported as a separate line under Support Services for fiscal years 2024 and 2023, respectively.

**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.

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**V. PENSION PLAN- Continued**

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.

**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.

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**VII. NONFEDERAL FINANCIAL SUPPORT (NFFS)- Continued**

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 2024 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 \$1,172,049 and \$1,111,998 for 2024 and 2023 respectively.

**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:

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**VIII. COMMUNITY SERVICE GRANTS (CSGs)- Continued**

For the year ended August 31, 2024:

Grant Period	Amounts Received	Expended			Uncommitted
		2022	2023	2024	Balance at August 31, 2024
2020-2022	\$675,035	\$590,912	\$84,123	\$ -	\$ -
2021-2023	679,634	-	451,717	227,917	-
2023-2025	691,300	-	-	682,577	8,723
2023-2025	764,447	-	-	-	764,447

For the year ended August 31, 2023:

Grant Period	Amounts Received	Expended			Uncommitted
		2021	2022	2023	Balance at August 31, 2023
2020-2022	\$675,035	\$ -	\$590,912	\$ 84,123	\$ -
2021-2023	679,634	-	-	451,717	227,917
2023-2025	691,300	-	-	-	691,300

**IX. INDIRECT ADMINISTRATIVE SUPPORT**

Indirect support from the University of \$315,314 in 2024 and \$235,223 in 2023 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 years ended August 31, 2024 and 2023, the indirect support was calculated using the standard method adopted by the Corporation for Public Broadcasting (CPB).

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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.

KAMU-TV had no in-kind support for the years ended August 31, 2024 and 2023.

**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-TV 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 \$4,912 per month for a total of 36 months with an end date of April 09, 2026. The building is used by both KAMU-TV and KAMU-FM. Each pays 50% of the rent. As of August 31, 2024, the net right-to-use (RTU) assets and corresponding lease liabilities associated with future lease payments reported on the statement of net position totaled \$45,446 and \$46,253 respectively.

Future Lease Payments:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	28,505	965	29,470
2026	<u>17,748</u>	<u>180</u>	<u>17,928</u>
Total	<u>\$ 46,253</u>	<u>\$ 1,145</u>	<u>\$ 47,398</u>

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**XI. LEASES – Continued**

KAMU-TV 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-TV has determined that the lease is considered short-term.

**XII. LONG-TERM LIABILITIES**

KAMU-TV’s long-term liabilities are defined as liabilities whose average maturity is greater than one year. The table below presents a summary of changes in these liabilities.

	Beginning			Ending	Amounts Due Within One Year	Amounts Due Thereafter
	<u>Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Balance</u>		
Lease Liability	<u>\$73,939</u>	<u>\$ -</u>	<u>\$27,686</u>	<u>\$46,253</u>	<u>\$28,505</u>	<u>\$17,748</u>
Total	<u>\$73,939</u>	<u>\$ -</u>	<u>\$27,686</u>	<u>\$46,253</u>	<u>\$28,505</u>	<u>\$17,748</u>

**XIII. COMMITMENTS**

Construction began 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 \$1,138,656 and \$1,900,000 in 2024 and 2023 respectively to the project, and KAMU will fund the balance of \$861,344. The entire \$3,900,000 was placed in a restricted cash account at August 31, 2023. KAMU-TV transferred \$2,124,165 from restricted cash to construction in progress, and reports \$528,937 remaining as restricted cash at August 31, 2024. KAMU-FM reports the remainder of the balance of restricted cash and construction in progress.

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**XIV. TRANSACTIONS WITH RELATED PARTIES**

At August 31, 2024 KAMU-TV had amounts receivable from KAMU-FM of \$239,593 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, 2023 KAMU-TV had amounts receivable from KAMU-FM 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.