

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

Financial Statements

June 30, 2025

(With Independent Auditors' Report Thereon)

KUER-FM RADIO
(A Public Telecommunications Department of the University of Utah)

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Independent Auditors' Report

**KUER-FM Radio
The University of Utah Board of Trustees
and Taylor R. Randall, President
Salt Lake City, Utah**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KUER-FM Radio (the Station) (a public telecommunications department of the University of Utah), which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the 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 financial position of the Station, as of June 30, 2025, and the changes in its financial position and cash flows for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Station 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 Matter

The financial statements of the Station are intended to present the financial position, the changes in financial position, and cash flows of only the Station. They do not purport to, and do not, present fairly the financial position of the University of Utah as of June 30, 2025, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government 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 and *Government 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 the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the proportionate share of the net pension liability and employer contributions on pages 6–11 and 33–34 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.

Report on Summarized Comparative Information

We have previously audited the Station's 2024 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated January 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Richey, May & Co., LLP

Salt Lake City, Utah
February 24, 2026

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of KUER-FM Radio (the Station) as of and for the year ended June 30, 2025, with selected comparative information as of and for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

The Station is a public radio station licensed to the University of Utah. Founded in 1960, the Station was one of the original 100 National Public Radio (NPR) affiliates. The Station broadcasts national news and information programs provided by NPR, Public Radio International and American Public Media, local news and information programs. Through an extensive translator network, the Station reaches the vast majority of the State of Utah's population. Though the Station is one of five noncommercial radio signals available to Utah residents, the Station's audience continues to reach between 150,000 - 175,000 weekly listeners.

FINANCIAL HIGHLIGHTS

The Station's financial position at June 30, 2025 includes total assets of \$4,591,173, deferred outflows of resources of \$37,642, total liabilities of \$1,503,608, and deferred inflows of resources of \$0. Net position, which represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources decreased by \$165,003 to \$3,125,207 at June 30, 2025.

Changes in net position represent the total activity of the Station, which results from all revenues, expenses, gains, and losses and are summarized for the years ended June 30, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Total revenues	\$ 7,175,160	\$ 6,623,997
Total expenses	<u>7,340,163</u>	<u>6,628,796</u>
Decrease in net position	<u>\$ (165,003)</u>	<u>\$ (4,799)</u>

During fiscal year 2025, revenues increased by 8.32% or \$551,163, while expenses increased by 10.73% or \$711,367. For further detail related to these changes please see the discussion related to the Statement of Revenues, Expenses, and Changes in Net Position.

USING THE FINANCIAL STATEMENTS

The Station's financial report is prepared on the accrual basis of accounting and conforms to *Application of Principles of Accounting and Financial Reporting for Public Telecommunication Entities* published by the Corporation for Public Broadcasting (CPB), which conforms to U.S. generally accepted accounting principles and includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the Station at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is one indicator of the current financial condition of the Station, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the Station's assets, deferred outflows and inflows of resources, liabilities, and net position at June 30, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Current assets		
Current assets, unrestricted	\$ 4,373,459	\$ 3,499,090
Current assets, restricted	-	-
Noncurrent assets		
Net pension asset	119,891	99,992
Capital assets, net	97,823	130,882
Total assets	<u>4,591,173</u>	<u>3,729,964</u>
Deferred outflows related to pensions	37,642	42,628
Current liabilities	(503,608)	(463,239)
Noncurrent liabilities	(1,000,000)	(12,867)
Total liabilities	<u>(1,503,608)</u>	<u>(476,106)</u>
Deferred inflows related to pensions	-	(6,276)
Net investment in capital assets	97,823	130,882
Restricted – expendable	-	-
Unrestricted	3,027,384	3,159,328
Total net position	<u>\$ 3,125,207</u>	<u>\$ 3,290,210</u>

A review of the Station's Statements of Net Position as of June 30, 2025 and 2024 shows that the Station still maintains its favorable financial foundation. This financial position results from the efficient management and wise use of its financial resources.

Current assets consist of cash, receivables, investments, and prepaid expenses. Total current assets increased by \$874,369. The increase was primarily due to an increase in cash with the University of Utah of \$748,096, an increase in receivables of \$142,182 and an increase in market value of investments of \$18,620. The increase was offset by a decrease in prepaid expenses of \$34,529.

KUER-FM RADIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025

STATEMENT OF NET POSITION (CONTINUED)

Noncurrent assets consist of capital assets net of accumulated depreciation and net pension assets. Noncurrent assets decreased by \$13,160 due to a decrease in capital assets of \$33,059, which is the difference between the cost of capital assets purchased in fiscal year 2025 less the total amount of annual depreciation. The decrease was offset by an increase in net pension assets of \$19,899.

Deferred outflows of resources related to pensions decreased by \$4,986 during fiscal year 2025.

Current liabilities consist of accounts payable and accrued personnel services. Total current liabilities increased by \$40,369 during fiscal year 2025 due to increase in accrued personnel services of \$49,844 offset by a decrease of \$9,475 in accounts payable.

Noncurrent liabilities consist of net pension liability and a note payable to KUED-TV, a related station. Total noncurrent liabilities increased by \$987,133 during fiscal year 2025 due to the receipt of a \$1,000,000 loan from KUED-TV and an offsetting decrease of \$12,867 in the net pension liability.

Deferred inflows of resources consist of deferred inflows related to pensions. Total deferred inflows of resources decreased by \$6,276 during fiscal year 2025.

NET POSITION

Net position is the residual of all other elements presented in a statement of net position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents the Station's capital assets net of accumulated depreciation. Restricted expendable net position is subject to externally imposed restrictions governing their use. Although unrestricted net position is not subject to externally imposed stipulations, most of the Station's unrestricted net position has been designated for various programming and broadcasting needs, as well as capital projects.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the Station's results of operations. A comparison of the Station's revenues, expenses and changes in net position for the years ended June 30, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 24,927	\$ 12,366
Operating expenses	7,340,163	6,628,796
Operating loss	<u>(7,315,236)</u>	<u>(6,616,430)</u>
Nonoperating revenues	7,150,233	6,611,631
Decrease in net position	<u>(165,003)</u>	<u>(4,799)</u>
Net position - beginning of year	<u>3,290,210</u>	<u>3,295,009</u>
Net position - end of year	<u>\$ 3,125,207</u>	<u>\$ 3,290,210</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

The Station's main revenue sources are the University of Utah, the CPB, individuals, foundation contributions, and corporate donations. The Station has in the past and will continue to aggressively seek funding from all possible sources consistent with its mission.

The Station's revenues increased by \$551,163 in fiscal year 2025. The increase in revenues were primarily due to an increase in contributions of \$930,233, an increase in indirect support from the University of Utah of \$41,985, an increase in Federal Grants from the Corporation for Public Broadcasting of \$57,437, an increase in sales and service of \$12,561, an increase in investment revenue of \$1,570 and a greater increase in fair value of investments by \$11,620. These increases were offset with decreases in direct support from the University of Utah of \$169,833, in underwriting of \$331,386 and in other revenue of \$3,024.

A comparative summary of the Station's operating expenses by functional classification for the years ended June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Program services		
Programming and production	\$ 3,348,636	\$ 3,174,613
Broadcasting	546,985	469,796
Program information	237,107	275,039
Total program services	<u>4,132,728</u>	<u>3,919,448</u>
Support services		
Management and general	1,307,844	1,051,050
Fundraising and membership development	1,899,591	1,658,298
Total support services	<u>3,207,435</u>	<u>2,709,348</u>
Total expenses	<u>\$ 7,340,163</u>	<u>\$ 6,628,796</u>

The Station's operating expenses increased by \$711,367 in fiscal year 2025. Programming and production expenses increased by \$174,023 primarily due to an increase in programming fees and personnel expense. Broadcasting expenses increased by \$77,189 primarily due to expansion of the KUUB-FM signal. Management and general expenses increased by \$256,794 primarily due to an increase in personnel expenses. Fundraising expenses increased by \$241,293 primarily due to an increase in personnel expense.

These increases were offset by a decrease in program information expenses of \$37,932 primarily due to a decrease in personnel expense.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the Station's financial activity by reporting the major sources and uses of cash.

The Station's cash increased by \$748,096 in fiscal year 2025 primarily due to an increase in cash from noncapital financing activities. The Station's significant sources of cash provided by noncapital financing activities include funding from the University of Utah, grants from the CPB, private gifts, and a loan from KUED-TV.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025

STATEMENT OF CASH FLOWS (CONTINUED)

The Station will continue to face financial challenges in the future. These financial challenges are not unlike any other public radio station. The Station is in a better position than the majority of public stations. Over the past decade, the Station has become less and less reliant on tax-based revenue (i.e., funds obtained from either the University of Utah or Federal dollars distributed by the Corporation for Public Broadcasting). The Station now receives over 76% of its annual operating budget from listeners, businesses, foundations and special events. Each of these categories continue to prosper. Over 75% of Station donors are sustaining members of the station. This puts the Station in the top tier of public stations deriving revenue from a reliable and growing predictable source.

CURRENT FACTORS HAVING PROBABLE FUTURE FINANCIAL SIGNIFICANCE

The most significant threat to the financial future of KUER is the \$500,000 annual deficit caused by the end of the Corporation for Public Broadcasting. Rescission was passed by Congress in July 2025, and by October KUER was short hundreds of thousands of dollars.

This loss of this bedrock funding only accentuates the continued disruption to fundraising inherent to an audience and membership base steadily shifting to non-broadcast platforms. While an emergency drive in the summer and regularly scheduled drives in the fall and at year's end performed above expectations — due to the high-profile federal rescission — this shift to nonlinear viewing will continue to blunt the effectiveness of on-air fundraising.

It is expected that KUER membership revenue will not hold at FY26 levels through FY27, since inflation and recessionary pressures on Utahns have not abated. KUER, in alignment with the membership department at KUED-TV, made strategic investments to meet audiences on nonlinear platforms and appeal for membership there. That will be furthered with system-wide surveys to find out what will keep new donors (who joined in 2025) interested in continuing their support. Membership's goals include higher retention of donors; encouraging members to become sustaining members; recruitment to our giving clubs at higher giving levels; and broadening the channels of engagement with current, lapsed and prospective donors.

Donations from corporations, foundations, and the private sector are still hard to predict, but sharing a major donor officer with University of Utah Advancement is delivering steady returns. Business sponsorship has slipped, due in large part to economic uncertainty.

University funding still makes up a significant part of KUER's operating budget. These funds are foundational and must remain steady, but they will not support the investments needed in new technology and digital strategy.

Journalism continues to be disrupted in our society, leaving public radio with unique challenges. NPR member stations are increasingly important in communities that have news and information needs unmet by commercial services. Strong local journalism has never been more important in Utah. At the same time, competition for the time and attention of younger listeners has never been more intense. KUER has remained deeply committed to local news programming. The station has sought and achieved important strategic partnerships within the public radio system and among other news gathering entities in Utah.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025

CURRENT FACTORS HAVING PROBABLE FUTURE FINANCIAL SIGNIFICANCE (CONTINUED)

The Station's financial sustainability is dependent on its ability to produce local news and information of the highest quality and to deliver it to all of Utah on existing and new platforms where listeners are and will be in the future. It is important to plan for a future beyond the distribution of NPR and other network programming and invest in fostering a culture of creative local work. The Station's current financial commitments to news and local conversations are examples of how it has and must continue to meet these challenges.

KUER will be prudent in its long-term planning. While it is not possible to predict the ultimate results, management will be aggressive in meeting these economic uncertainties to maintain its favorable financial position.

KUER-FM RADIO

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STATEMENT OF NET POSITION

As of June 30, 2025

	<u>2025</u>	<u>[For Comparison Only] 2024</u>
ASSETS		
Current assets		
Cash	\$ 2,061,963	\$ 1,313,867
Restricted cash	—	—
Receivables, net (Note 2)	1,926,023	1,783,841
Investments (Note 4)	385,473	366,853
Prepaid expenses	—	34,529
Total current assets	<u>4,373,459</u>	<u>3,499,090</u>
Noncurrent assets		
Net pension asset	119,891	99,992
Capital assets, net (Note 3)	97,823	130,882
Total noncurrent assets	<u>217,714</u>	<u>230,874</u>
Total assets	<u>4,591,173</u>	<u>3,729,964</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	37,642	42,628
LIABILITIES		
Current liabilities		
Accounts payable	106,210	115,685
Accrued personnel services	397,398	347,554
Total current liabilities	<u>503,608</u>	<u>463,239</u>
Noncurrent liabilities		
Net pension liability	—	12,867
Note payable to KUED-TV	1,000,000	—
Total noncurrent liabilities	<u>1,000,000</u>	<u>12,867</u>
Total liabilities	<u>1,503,608</u>	<u>476,106</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	—	6,276
NET POSITION		
Net investment in capital assets	97,823	130,882
Restricted – expendable	—	—
Unrestricted	<u>3,027,384</u>	<u>3,159,328</u>
Total net position	<u>\$ 3,125,207</u>	<u>\$ 3,290,210</u>

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

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2025

	<u>2025</u>	<u>[For Comparison Only] 2024</u>
OPERATING REVENUES		
Sales and services	\$ 24,927	\$ 12,366
Total operating revenues	24,927	12,366
OPERATING EXPENSES		
Broadcasting	546,985	469,796
Programming and production	3,348,636	3,174,613
Program information	237,107	275,039
Management and general	1,307,844	1,051,050
Fundraising and membership development	1,899,591	1,658,298
Total operating expenses	7,340,163	6,628,796
Operating loss	(7,315,236)	(6,616,430)
NONOPERATING REVENUES		
Direct support from the University of Utah	748,942	918,775
Indirect support from the University of Utah	411,724	369,739
Federal grants	549,008	491,571
Contributions	3,582,151	2,651,918
Underwriting	1,820,895	2,152,281
Investment income (Note 4)	34,437	21,247
Other	3,076	6,100
Total nonoperating revenues	7,150,233	6,611,631
Decrease in net position	(165,003)	(4,799)
NET POSITION		
Net position – beginning of year	3,290,210	3,295,009
Net position – end of year	<u>\$ 3,125,207</u>	<u>\$ 3,290,210</u>

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

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

STATEMENT OF CASH FLOWS

Year ended June 30, 2025

	<u>2025</u>	<u>[For Comparison Only] 2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales and services	\$ 10,447	\$ 11,866
Cash payments for salaries, wages, and benefits	(3,806,453)	(3,381,905)
Cash payments for other operating expenses	(2,901,638)	(2,793,810)
Net cash used by operating activities	(6,697,644)	(6,163,849)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from the University of Utah	748,942	918,775
Loan received from KUED-TV	1,000,000	-
Cash received from Corporation for Public Broadcasting	549,008	491,571
Cash received from contributions	3,136,379	2,847,573
Cash received from underwriting	2,001,602	1,934,029
Cash received from other income	3,076	-
Net cash provided by noncapital financing activities	7,439,007	6,191,948
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital expenditures	(9,084)	(31,476)
Net cash used by capital financing activities	(9,084)	(31,476)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest income	15,817	14,247
Net cash provided by investing activities	15,817	14,247
Net increase in cash	748,096	10,870
Cash, and restricted cash beginning of year	1,313,867	1,302,997
Cash, and restricted cash end of year	<u>\$ 2,061,963</u>	<u>\$ 1,313,867</u>

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

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

STATEMENT OF CASH FLOWS (CONTINUED)

Year ended June 30, 2025

	<u>2025</u>	<u>[For Comparison Only] 2024</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (7,315,236)	\$ (6,616,430)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	42,143	50,145
Indirect support from University of Utah	411,724	369,739
In-kind donations	137,363	148,187
Net inflows (outflows) of resources relating to pensions	(34,056)	(83,933)
Change in assets and liabilities:		
Receivables	(14,480)	(500)
Prepaid expenses	34,529	(34,529)
Accounts payable and accruals	40,369	3,472
Net cash used by operating activities	<u>\$ (6,697,644)</u>	<u>\$ (6,163,849)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Increase in fair value of investments	<u>\$ 18,620</u>	<u>\$ 7,000</u>

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

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(1) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to *Application of Principles of Accounting and Financial Reporting for Public Telecommunications Entities*, published by the Corporation for Public Broadcasting (CPB), which conform to U.S. generally accepted accounting principles.

(a) Organization

KUER-FM Radio (the Station) is operated by the University of Utah (the University), Salt Lake City, Utah. There are common management and facilities between the Station and two affiliated television stations, KUED-TV and KUEN-TV. Certain Station personnel share their time among the Station, KUED-TV, and KUEN-TV. The activities of KUUB-FM, another radio station owned by the University, are also included in these financial statements, and have been funded by a \$1,000,000 interest-free loan from KUED-TV, received on June 26, 2025, with repayment deferred until KUUB-FM achieves a positive operating cash flow.

(b) Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Station follows Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 72, *Fair Value Measurement and Application*.

(c) Basis of Accounting

All statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the service efforts of the Station. Additionally, donations in-kind that are deemed to support the service efforts of the Station, as defined by its mission, goals, and objectives, are recorded as operating expenses. Such donations in-kind are also reflected as a part of nonoperating revenues as they are considered nonexchange transactions as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The accounting for revenues of the Station recorded in the accompanying Statement of Revenues, Expenses, and Changes in Net Position is as follows:

- **Sales and services** – Sales and services represent funds received from locally produced programming and facilities rentals. These amounts are recorded as services are rendered.
- **Direct support from the University of Utah** – Direct support from the University represents funds received to support various Station personnel and underwriting support. These amounts are recorded as revenue and associated expense at the estimated fair value or actual amounts where known at the time such costs are incurred.

KUER-FM RADIO

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(c) *Basis of Accounting (Continued)*

- **Indirect support from the University of Utah** - Indirect support from the University represents costs associated with certain administrative and other services provided by the University. These amounts are recorded as revenue and associated expense at estimated fair value or actual amounts where known at the time such costs are incurred. The Station multiplies an indirect cost rate calculated from the University's indirect and direct costs to determine indirect support. The rate is assessed against eligible Station expenses in deriving the amount recognized as indirect University support.
- **Federal grants** - Federal grants represent funds received from federal agencies to assist in the purchase of capital assets and to support programming and operating activities. These revenues are recognized at the time the Station has met the eligibility requirements as defined by the grant.
- **Corporation for Public Broadcasting** - Corporation for Public Broadcasting represents funds received from the CPB to support the operations of the Station, including personnel, programming and production, broadcasting, program information, educational services, training, and purchase of capital assets. These revenues are recognized as federal grants at the time the Station has met the eligibility requirements as defined by the grant.
- **Contributions** - Contributions represent funds received from individuals through on-air, direct mail, and special event fundraisers and are used to purchase national and locally produced programming. Pledges are recognized as revenue when a pledge is made by a donor and the amount is estimable and deemed probable of collection. Pledges for endowments are not recognized as receivable per GASB Statement No. 33.
- **Underwriting** - Underwriting represents funds received from local corporations and foundations to purchase national and locally produced programming. Underwriting revenues are recognized as revenues and expenses upon execution of an underwriting contract.

(d) *Cash and Restricted Cash*

Cash is pooled for the University, as a whole. Amounts reported as cash in the Station's financial statements reflect the Station's proportionate ownership in that pool. Therefore, the Station does not have separate accounts in financial institutions. Thus, disclosures of risk related to deposits apply at the University level. See the financial statements of the University of Utah for those disclosures.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(e) Investments

The Station's investments are pooled with the University as a whole in the University's endowment pool. Amounts reported as investments in the Station's financial statements reflect the Station's proportionate ownership in that pool. Therefore, the Station does not have separate accounts in financial institutions. Thus, disclosures of fair value and risk related to investments apply at the University level. See the financial statements of the University of Utah for those disclosures.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The University distributes earnings from pooled investments based on the average daily investment of each participating account; or for endowments, distributes according to the University's spending policy.

A portion of the University's endowment portfolio is invested in "alternative investments." These investments, unlike more traditional investments, generally do not have readily obtainable market values and typically take the form of limited partnerships. See Note 4 for more information regarding these investments and the University's outstanding commitments under the terms of the partnership agreements. The University values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

(f) Capital Assets

Capital assets are recorded at cost or, in the case of donated equipment, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building	40 years
Transmitter	15 years
Broadcast equipment	5 to 10 years

Expenditures for repairs and maintenance are charged to expense as incurred.

(g) Deferred Inflows/Outflows of Resources

A deferred inflow of resources is an acquisition of net assets by the Station that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the Station that is applicable to a future reporting period. Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

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(h) Income Taxes

The University, as a political subdivision of the State of Utah, has a dual status for federal income tax purposes. The University is both an Internal Revenue Code (IRC) Section 115 organization and an IRC Section 501(c)(3) charitable organization. This status exempts the University from paying federal income tax on revenue generated by activities that are directly related to the University's mission. This exemption does not apply to unrelated business activities. On these activities, the University is required to report and pay federal and state income tax. The Station, as a separate department of the University, shares in these same tax exemptions.

(i) Use of Estimates

Management of the Station has made estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(j) Restricted Resources

When the Station has both restricted and unrestricted resources available to finance a particular program, it is the Station's practice to use restricted resources before unrestricted resources.

(2) Receivables

Receivables at June 30 consist of the following:

	2025	[For Comparison Only] 2024
Underwriting	\$ 783,979	\$ 1,100,928
Contributions	1,209,324	728,646
Other	78,296	55,725
	<u>2,071,599</u>	<u>1,885,299</u>
Less allowance for doubtful accounts	<u>(145,576)</u>	<u>(101,458)</u>
	<u>\$ 1,926,023</u>	<u>\$ 1,783,841</u>

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(3) Capital Assets

Capital assets at June 30, 2025 consist of the following:

	Beginning balance	Additions	Retirements	Ending balance
Transmitter	\$ 425,319	\$ -	\$ -	\$ 425,319
Broadcast equipment	1,259,387	9,084	124,708	1,143,763
Building	1,494,199	-	-	1,494,199
Total	3,178,905	9,084	124,708	3,063,281
Less accumulated depreciation				
Transmitter	386,026	21,532	-	407,558
Broadcast equipment	1,167,798	20,611	124,708	1,063,701
Building	1,494,199	-	-	1,494,199
Total accumulated depreciation	3,048,023	42,143	124,708	2,965,458
Capital assets, net	<u>\$ 130,882</u>	<u>\$ (33,059)</u>	<u>\$ -</u>	<u>\$ 97,823</u>

Depreciation expense was \$42,143 for the year ended June 30, 2025, of which \$35,555 was included in broadcasting expense and \$6,588 was included in programming and production expense.

(4) Investments

The State of Utah Money Management Council has the responsibility to advise the Utah State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the Act that relate to the deposit and investment of public funds.

Except for endowment funds, the University follows the requirements of the Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of University funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act defines the types of securities authorized as appropriate investments for the University's non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

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June 30, 2025

(4) Investments (Continued)

These statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified or permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), or Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the Utah State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in realized gains or losses on investments.

The Station participates in the University’s endowment pool. The University holds the investments within the pool on behalf of the Station. The Station holds an interest in the University’s investment pool, but not in specific investment instruments within that pool. The Station carries its interest at fair value and had a net unrealized gain of \$18,620 for the year ended June 30, 2025.

For endowment funds, the University follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Utah Board of Higher Education Rule 541, Management and Reporting of Institutional Investments (Rule 541); and the University’s investment policy and endowment guidelines.

The UPMIFA, Rule 541, and the University’s endowment guidelines allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the SEC, investments sponsored by the Common fund; any investment made in accordance with the donor’s directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(4) Investments (Continued)

Fair Value of Investments

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

See the University's investment note in its financial statements for a schedule of investments at fair value categorized by the three-tiered fair value hierarchy. A summary of the University's investments by level at June 30, 2025 is as follows:

	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Total investments measured at fair value	\$ 6,866,679,000	\$ 49,461,000	\$ 5,823,402,000	\$ -
Percentage of total fair value		0.7%	84.8%	0.0%

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds and Exchange Traded Derivatives and Negotiable Certificates of Deposit: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and
- Utah Public Treasurers' Investment Fund: application of the June 30, 2025 fair value factor, as calculated by the Utah State Treasurer, to the University's ending balance in the Fund.

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June 30, 2025

(4) Investments (Continued)

Equity securities, namely common and preferred stocks, classified as Level 3 are valued manually using various sources such as issuer, investment manager or default price if a price is not provided.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, general do not have readily obtainable market values and take the form of limited partnerships. The University values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation considering subsequent calls and distributions.

Investment income in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025 consists of the following:

	<u>2025</u>	<u>[For Comparison Only] 2024</u>
Unrealized gain on investments	\$ 18,620	\$ 7,000
Investment income on endowment pool distributions	15,817	14,247
Investment income	<u>\$ 34,437</u>	<u>\$ 21,247</u>

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds that are authorized by the University administration to be separately invested or which are separately invested to meet legal or donor requirements. Investments received as gifts are recorded at fair value on the date of receipt. Other investments are also recorded at fair value.

University personnel manage certain portfolios, while other portfolios are managed by banks, investment advisors or through trust agreements.

According to the UPMIFA, Section 51-8 of the Utah Code, the institution may appropriate for expenditure or accumulate so much of an endowment fund as the University determines to be prudent for uses, benefits, purposes, and duration for which the endowment was established. The endowment income spending practice at June 30, 2025, was 4% of the twelve-quarter moving average of the market value of the endowment pool. The spending practice is reviewed periodically, and any necessary changes are made. In general, nearly all of the University’s endowment is subject to spending restrictions imposed by donors.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(4) Investments (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act or the UPMIFA and Rule 541, as applicable. For endowment funds, Rule 541 is more general, requiring only that those investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the Act, the UPMIFA, and Rule 541, as previously discussed.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University's policy for reducing its exposure to custodial credit risk is to comply with applicable provisions of the Act. As required by the Act, all applicable securities purchased were delivered versus payment and held in safekeeping by a bank. Also, as required, the ownership of book-entry-only securities, such as U.S. Treasury or Agency securities, by the University's custodial bank was reflected in the book-entry records of the issuer and the University's ownership was represented by a receipt, confirmation, or statement issued by the custodial bank.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy for reducing this risk of loss is to comply with the Rules of the Utah Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio at the time of purchase.

For endowments, the University, under Rule 541, is permitted to establish its own investment policy which adheres to the guidelines established by UPMIFA. Accordingly, the University's Pool Asset Allocation Guidelines allocate endowment funds in the following asset classes:

<u>Asset Category</u>	<u>Target</u>	<u>Range</u>	
Global Equity	40 %	30-50	%
Public Equities	25 %	15-50	%
Hedged Equity		0-10	%
Private Equity	15 %	0-40	%
Global Fixed Income/Credit	20 %	5-40	%
Interest Rate Sensitive	11 %	5-40	%
Credit Sensitive	9 %	0-15	%
Real Assets	20 %	5-20	%
Real Estate	10 %	0-15	%
Diversifying Strategies	20 %	0-30	%

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June 30, 2025

(4) Investments (Continued)

The University diversifies assets among several investment managers of varying investment strategies. Diversification is an effective means of maximizing return while mitigating risk. At June 30, 2025, the University held more than 5% of its total investments in the Federal Home Loan Bank, Federal Farm Credit Bank, and the Federal Agricultural Mortgage Corporation. These investments represent 10.1%, 11.7% and 6.5%, respectively, of the University's total investments.

(5) Pension Plans and Retirement Benefits

As required by state law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the Station are covered by defined benefit plans sponsored by the Utah Retirement Systems (Systems) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by defined contribution plans, such as the Teachers Insurance and Annuity Association (TIAA), or Fidelity Investments (Fidelity).

Defined Benefit Plans

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and the Public Employees Contributory Retirement System (Contributory System) both of which are cost-sharing, multiple-employer public employee retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System), which is a multiple-employer, cost sharing, public employee retirement system.

The Tier 2 Public Employee System was created July 1, 2011. All eligible employees who have no previous service credit with any of the Utah Retirement Systems prior to that date, are members of the Tier 2 Retirement System.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated, 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing to the Utah Retirement Systems at 560 East 200 South, Salt Lake City, UT 84102 or visiting the website www.urs.org/general/publications.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(5) Pension Plans and Retirement Benefits (Continued)

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System:

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

* Actuarial reductions are applied.

** All post-retirement cost of living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 are as follows:

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(5) Pension Plans and Retirement Benefits (Continued)

	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
Noncontributory System		
Higher Education Division Tier 1	N/A	22.19%
Higher Education Division Tier 2	0.7%	20.02%
Higher Education Division Tier 2	N/A	10.02%
Contributory System		
Higher Education Division Tier 1	6%	17.70%

At June 30, 2025, the Station's net pension asset and liability were as follows:

	<u>Proportionate Share December 31, 2024</u>	<u>Proportionate Share December 31, 2023</u>	<u>Change Increase/(Decrease)</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1400395%	0.1365250%	0.0035145%	\$ 94,374	\$ -
Contributory System	0.2284858%	0.2141580%	0.0143278%	25,517	-
Tier 2 Public Employees System	0.0025734%	0.0026803%	-0.0001069%	-	-
Total Net Pension Asset/Liability				<u>\$ 119,891</u>	<u>\$ -</u>

** Represents KUER's proportionate share of the University of Utah's assets and liabilities.

Refer to the University's fiscal year 2025 audited financial statements for the University's share of assets and liabilities in the Systems.

The net pension asset and liability were measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

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June 30, 2025

(5) Pension Plans and Retirement Benefits (Continued)

For the year ended June 30, 2025, pension benefit of \$34,056 was recorded. At June 30, 2025, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,363	\$ -
Changes in assumptions	805	-
Net difference between projected and actual earnings on pension plan investments	14,960	-
Changes in proportion and differences between contributions and proportionate share of contributions	744	-
Contributions subsequent to the measurement date	<u>12,770</u>	<u>-</u>
Total	<u>\$ 37,642</u>	<u>\$ -</u>

Contributions made between January 1, 2025 and June 30, 2025 of \$12,770 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 9,240
2026	20,960
2027	(5,659)
2028	(814)
2029	498
Thereafter	647

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June 30, 2025

(5) Pension Plans and Retirement Benefits (Continued)

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 – 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actual experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and equivalents	0%	0.49%	0.00%
Totals	100%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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June 30, 2025

(5) Pension Plans and Retirement Benefits (Continued)

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

The following presents the Station's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(5.85%)	(6.85%)	(7.85%)
Proportionate share of Net Pension Liability (Asset)			
Noncontributory System	\$ 261,556	\$ (94,374)	\$ (485,538)
Contributory System	(8,958)	(25,517)	(65,065)
Tier 2 Public Employees System	22,923	-	(4,187)
Net pension liability (asset)	<u>\$ 275,521</u>	<u>\$ (119,891)</u>	<u>\$ (554,790)</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Plans

TIAA and Fidelity provide individual retirement fund contracts with each participating employee. Employees may allocate contributions by the Station to any or all of the providers and the contributions to the employee's contract(s) become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2025, the Station's contribution to these defined contribution pension plans was 14.2% of the employees' annual salaries. The Station has no further liability once contributions are made.

For the years ended June 30, 2025 and 2024, the Station's contributions to the Systems, TIAA and Fidelity were equal to the required amounts as follows: \$392,759 and \$351,582, respectively.

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June 30, 2025

(6) Risk Management

The Station participates in the University's insurance coverage program for commercial general liability, automobile, errors and omissions, and property (building and equipment) through policies administered by the Utah State Division of Risk Management. Employees of the Station and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund.

In addition, the Station participates in the University-maintained self-insurance funds for health care, dental, and auto/physical damage, which are held in a trust with an independent financial institution in compliance with Medicare reimbursement regulations. The Station's participation in these programs is funded through indirect support provided by the University.

(7) Commitments

The Station's rent for the year ended June 30, 2025 totaled \$142,574 for renting space on transmitters to transmit KUER's signal. Other broadcasting stations also rent space on these same transmitters.

At June 30, 2025, future commitments under these leases consist of the following:

2026	\$	168,368
2027		191,074
2028		189,643
2029		192,647
2030		199,864
Total	\$	<u>941,596</u>

(8) Subsequent Events

Management of the Station has evaluated subsequent events through February 24, 2026, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements, other than the events described below.

In July 2025, Congress rescinded funding for the CPB, which eliminated approximately \$500,000 of annual funding for future fiscal years. While the Station's continuation as a going concern is not threatened by the loss of this funding, its operations have been disrupted, complicating its plans for future investments in new technology and digital strategy and triggering significant cost-saving restructuring during fiscal year 2026.

REQUIRED SUPPLEMENTARY INFORMATION

KUER-FM RADIO
(A Public Telecommunications Department of the University of Utah)

Schedule of the Proportionate Share of the Net Pension Liability

KUER Proportionate Share of the Net Pension Liability
 Noncontributory, Contributory, & Tier 2 Public Employees Systems
 of the Utah Retirement System
 For the years ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory System										
Proportion of net pension liability (asset) **	0.1400395%	0.1365250%	0.1248270%	0.1155844%	0.1635744%	0.1494873%	0.0099859%	0.0094927%	0.0114244%	0.0094229%
Proportionate share of net pension liability (asset)	\$ (94,374)	\$ (88,556)	\$ (12,358)	\$ (3,957,867)	\$ (305,540)	\$ (25,439)	\$ 173,092	\$ 88,529	\$ 168,202	\$ 180,250
Covered employee payroll	200,115	236,023	1,436,977	3,246,282	(634,559)	(45,250)	125,977	94,240	132,058	141,595
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-47.16%	-37.52%	-0.86%	-121.92%	-48.15%	56.22%	137.40%	93.94%	127.37%	127.30%
Plan fiduciary net position as a percentage of total pension liability	104.29%	103.46%	100.10%	111.80%	104.70%	94.20%	84.10%	89.20%	84.9%	84.5%
Contributory System										
Proportion of net pension liability (asset) **	0.2284858%	0.2141580%	0.1907436%	0.1743229%	0.2415418%	0.2112463%	0.0513428%	0.0432317%	0.0497665%	0.0370884%
Proportionate share of net pension liability (asset)	\$ (25,517)	\$ (11,436)	\$ (9,967)	\$ 5,273,943	\$ 15,813	\$ (834)	\$ 16,983	\$ 7,698	\$ 13,207	\$ 14,153
Covered employee payroll	3,682	4,874	34,692	(678,617)	(3,310)	769	9,642	26,619	6,461	7,154
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-693.01%	-234.63%	-28.73%	-777.16%	-477.77%	-108.50%	365.84%	28.92%	204.41%	197.82%
Plan fiduciary net position as a percentage of total pension liability	111.02%	104.10%	100.60%	117.60%	113.10%	103.60%	91.40%	99.20%	93.4%	92.4%
Tier 2 Public Employees System										
Proportion of net pension liability (asset) **	0.0025734%	0.0026803%	0.0026096%	0.0027863%	0.0047623%	0.0051979%	0.0057549%	0.0068374%	0.0111367%	0.0123632%
Proportionate share of net pension liability (asset)	\$ -	\$ 12,867	\$ 7,809	\$ (1,579,073)	\$ (12,121)	\$ (444)	\$ 1,199	\$ -	\$ -	\$ -
Covered employee payroll	-	170,876	156,493	69,257,601	(1,346,782)	-	31,393	-	-	-
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	10.07%	7.53%	4.99%	-2.28%	0.90%	0.00%	3.66%	0.90%	1.36%	-0.03%
Plan fiduciary net position as a percentage of total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.1%	100.2%

** Represents KUER's proportionate share of the University of Utah's assets and liabilities. Refer to the University's fiscal year 2025 audited financial statements for the University's share of assets and liabilities in the Systems.

Note: The University of Utah implemented GASB Statement No. 68 in fiscal year 2015. Information on the University of Utah's portion of the plans' net pension liabilities (assets) is not available for periods prior to fiscal year 2015.

In 2019, URS created a separate division for Higher Education which significantly changed the University's reported proportionate share of Net Pension Liability (Asset).

KUER-FM RADIO
(A Public Telecommunications Department of the University of Utah)

Schedule of Employer Contributions

KUER Schedule of Contributions

For the year ended June 30

Noncontributory System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 66,902	\$ 64,716	\$ 56,532	\$ 50,779	\$ 71,510	\$ 67,378	\$ 58,599	\$ 53,560	\$ 62,742	\$ 50,494
Contributions in Relation to the Contractually Required Contribution	(66,902)	(64,716)	(56,532)	(50,779)	(71,510)	(67,378)	(58,599)	(53,560)	(62,742)	(50,494)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 307,585	\$ 296,816	\$ 260,924	\$ 233,442	\$ 328,350	\$ 307,592	\$ 267,178	\$ 244,062	\$ 285,811	\$ 229,074
Contributions as a Percentage of Covered Employee Payroll	21.8%	21.8%	21.7%	21.8%	21.8%	21.9%	21.9%	21.9%	22.0%	22.0%
Contributory System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 938	\$ 1,030	\$ 1,067	\$ 1,035	\$ 1,705	\$ 1,860	\$ 1,693	\$ 1,616	\$ 2,163	\$ 1,970
Contributions in Relation to the Contractually Required Contribution	(938)	(1,030)	(1,067)	(1,035)	(1,705)	(1,860)	(1,693)	(1,616)	(2,163)	(1,970)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 5,271	\$ 5,820	\$ 6,026	\$ 5,848	\$ 9,634	\$ 10,507	\$ 9,563	\$ 9,129	\$ 12,220	\$ 11,138
Contributions as a Percentage of Covered Employee Payroll	17.8%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%
Tier 2 Public Employees System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 15,580	\$ 14,235	\$ 12,006	\$ 9,998	\$ 14,083	\$ 13,260	\$ 12,013	\$ 11,662	\$ 14,822	\$ 14,661
Contributions in Relation to the Contractually Required Contribution	(15,580)	(14,235)	(12,006)	(9,998)	(14,083)	(13,260)	(12,013)	(11,662)	(14,822)	(14,661)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 77,821	\$ 71,786	\$ 60,519	\$ 51,583	\$ 73,730	\$ 70,008	\$ 63,781	\$ 63,302	\$ 81,351	\$ 80,398
Contributions as a Percentage of Covered- Employee Payroll ³	20.0%	19.8%	19.8%	19.4%	19.1%	18.9%	18.8%	18.4%	18.2%	18.2%

¹Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. Prior to the implementation of GASB Statement No. 68 Tier 2 information was not separately available.

²The Tier 2 Public Employees System was created in 2011.

³For employees participating in the Public Employees Tier 2 Systems, the Station is required to contribute a percentage of the employees' salaries to the Systems.

The Station makes the required contributions by paying approximately 10% in to the Tier 2 Systems while the remainder is contributed to the Tier 1 Systems, as required by law.

The amounts reported here reflect the contributions to the Tier 2 systems rather than the total required.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**KUER-FM Radio
The University of Utah Board of Trustees
and Taylor R. Randall, President
Salt Lake City, Utah**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KUER-FM Radio, which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise KUER-FM Radio's basic financial statements, and have issued our report thereon dated February 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KUER-FM Radio's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KUER-FM Radio's internal control. Accordingly, we do not express an opinion on the effectiveness of KUER-FM Radio's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KUER-FM Radio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richey, May & Co., LLP

Salt Lake City, Utah
February 24, 2026