

KMUW-FM Radio
(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

**Financial Statements and
Independent Auditor's Report**

June 30, 2022 and 2021



KMUW-FM Radio

**(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)**

Financial Statements and Independent Auditor's Report

June 30, 2022 and 2021

CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15
Other Supplementary Information	
Schedules of Functional Expenses	24

Independent Auditor's Report

Wichita State University Management
KMUW-FM Radio
(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KMUW-FM Radio (a public telecommunications entity operated by Wichita State University, a component unit of the State of Kansas), which comprise the statements of net position as of June 30, 2022 and 2021, 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 financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of KMUW-FM Radio as of June 30, 2022 and 2021, and the changes in its net position and its cash flows for the year then ended, in accordance with Corporation for Public Broadcasting principles of accounting and financial reporting for public telecommunications entities and 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KMUW-FM Radio, 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

As discussed in Note A, the financial statements present only KMUW-FM Radio, a department of Wichita State University, and do not purport to, and do not present fairly the financial position of Wichita State University, as of June 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years 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 these financial statements in accordance with Corporation for Public Broadcasting principles of accounting and financial reporting for public telecommunications entities and accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 KMW-FM Radio's ability to continue as a going concern for twelve months beyond the financial statement date.

Auditor's Responsibility

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 auditor's 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 GAAS 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 GAAS, 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 KMW-FM Radio'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 KMW-FM Radio'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 on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 24 and 25, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rejiv Carr & Monroe LLP

January 12, 2023
Wichita, Kansas

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended June 30, 2022 and 2021

INTRODUCTION

This report, Management's Discussion and Analysis, provides an overview of the financial position and results of activities of KMUW-FM Radio ("KMUW" or "the station") for the year ended June 30, 2022, with comparative information for the year ended June 30, 2021. Station management prepared the analysis to supplement the financial statements. This report aims to help readers of the financial statements better understand KMUW's financial position and operating activities for the year ended June 30, 2022.

Wichita State University follows Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. This statement established standards for preparing public college and university financial statements. As a department of Wichita State University, KMUW also follows GASB Statement No. 35.

KMUW is one of only 250 stations affiliated with the NPR network, from among nearly 1,200 listener-supported, noncommercial radio stations. Licensed to Wichita State University, KMUW operates at 100,000 watts at 89.1 FM with a programming schedule rich in news, information, music, arts, and ideas. KMUW's mission is to serve as a trusted source of local, national, and world news. And to provide its audience with a broad discussion of ideas and a distinctive blend of diverse music and entertainment while operating as an essential public service of Wichita State University.

Wichita State University is a comprehensive public institution of higher education with approximately 17,000 students and 700 faculty members. The university is a state agency of Kansas governed by the Kansas Board of Regents. The State of Kansas issues financial statements that include the activities of the state's university system.

USING THE FINANCIAL STATEMENTS

KMUW's financial report includes three financial statements: the Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. We will review each of these financial statements in the following sections and identify highlights.

STATEMENTS OF NET POSITION

The Statements of Net Position present the station's financial position as of June 30, 2022 and 2021. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is net position, an indicator of financial condition. As of June 30, 2022, the station's net position was \$1,532,249.

SUMMARY STATEMENTS OF NET POSITION

	2022	2021
Cash and cash equivalents	\$ 789,844	1,077,581
Capital assets, net of depreciation	449,293	550,587
Other assets	514,802	493,524
Total assets	1,753,939	2,121,692
Liabilities	221,690	606,419
Net position	\$ 1,532,249	\$ 1,515,273

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position present the station's financial activity for the years ending June 30, 2022 and 2021. GASB principles require the categorizing revenues and expenses as either "operating" or "nonoperating."

GASB also specifies categorizing university support as nonoperating. Because university support comprises a significant part of the station's revenues each year, the reader of the financial statements should focus on the change in net position rather than the operating loss. The summary that follows illustrates this point.

SUMMARY STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2022	2021
Memberships, sponsorships, and gifts	\$ 1,752,886	1,576,100
Grants	613,822	787,744
Other	127,533	168,038
Total operating revenues	2,494,241	2,531,882
Expenses:		
Program services	1,911,788	1,837,368
Supporting services	1,295,235	1,191,353
Total expenses	3,207,023	3,028,721
Operating loss	(712,782)	(496,839)
Support from Wichita State University	727,351	728,590
Investment earnings (loss)	2,407	21,808
Change in net position	\$ 16,976	\$ 253,559

More information about financial matters follows in the Economic Environment section.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows provide additional information about KMUW's financial results by reporting the significant sources and uses of cash. GASB principles promulgate four sources of cash flows: from operating activities, from noncapital financing activities, from capital assets and related financing activities, and from investing activities. Cash inflows from state appropriations are critical to funding station operations. But, as noted previously, GASB principles require reporting appropriations as nonoperating cash flows.

SUMMARY STATEMENTS OF CASH FLOWS

	<u>2022</u>	<u>2021</u>
Cash flows (used in) or provided by operating activities	\$ (716,913)	\$ (359,047)
Cash flows from noncapital financing activities	429,615	705,164
Cash flows from investing activities	<u>(439)</u>	<u>6,296</u>
Net change in cash and cash equivalents	<u>\$ (287,737)</u>	<u>\$ 352,413</u>

The indirect administrative support reported as nonoperating revenue on the Statements of Revenues, Expenses, and Changes in Net Position estimates the value of facilities and services the station received from the university. The station determined its value according to CPB guidelines. It is absent from the Statements of Cash Flows because it is non-cash support.

CAPITAL ASSETS

Wichita State University and KMUW invested in a new broadcast facility in the Old Town area of downtown Wichita, with station personnel and operations moving April 25, 2016. There were no additional investments in capital assets in FY2022 or FY2021.

ECONOMIC ENVIRONMENT

Summary

In FY2022, KMUW showed signs of recovery from the challenges of COVID in a few significant areas, evidenced by the growth in the Sustainer program and by executing successful, shorter on-air pledge drives. FY2022 also brought the long-awaited restructuring for the content side of KMUW after restructuring the fundraising division in FY2021. While many public radio stations across the country experienced a downward turn in listener numbers, KMUW maintained a healthy four-week average. In addition, KMUW continued to expand its options for on-demand listening. These on-demand products include the new Spanish-language podcast for the area's underserved Hispanic community, the fastest-growing segment of the population in Wichita and Kansas. These examples illustrate KMUW's ability to develop new programming within tight budgetary restrictions.

Revenue

The station's combined revenue for individual giving and corporate sponsorship increased again this year. Membership saw a slight increase, and sponsorship revenue was up by 14%. The growth is partly attributable to the FY2021 restructuring of the Fundraising Division, which included contracting the most prestigious sponsorship firm in the public broadcasting industry, Market Engenuity.

The station's focus on converting annual donors into sustaining donors was quite successful. This program has seen a 57% increase in the past five years, providing more reasonable monthly income projections. KMWU also confirmed another four planned gifts, bringing the total to more than \$1.5 million.

Engagement and Diversity

KMWU's commitment to trusted news, diversity, and community engagement shines through its daily news coverage, hiring, and events. We offer relevant community conversations through various virtual and in-person events to engage and educate Kansans to be better citizens and neighbors. These community engagement events included:

1. July 20, 2021 – Digital Engage ICT Democracy on Tap, Wichita's Economic Comeback
Representatives from Wichita's business community discussed expectations for their industries as COVID-19 restrictions begin to ease.
2. July 21, 2021 – Digital Literary Feast, *Great Circle* by Maggie Shipstead
Attendees gathered virtually to discuss aviation and one woman's historical achievements.
3. August 10, 2021 – Digital Engage ICT Democracy on Tap, Navigating Back-to-School
Democracy on Tap convened digitally to discuss what students, teachers, and parents can expect during the school year.
4. August 18, 2021 – Digital Literary Feast, *The Other Black Girl* by Zakiya Delila Harris
Attendees discussed racism and the publishing industry at this virtual book club event.
5. September 14, 2021 – Digital Engage ICT Democracy on Tap, Financial Planning
Panelists spoke about best practices for getting your finances on track.
6. September 15, 2021 – Digital Literary Feast, *China Room* by Sunjeev Sahota
Attendees discussed family histories and women's limited roles in 20th-century Punjab.
7. October 12, 2021 – Digital Engage ICT Democracy on Tap, Trust in Our Democracy
Panelists discussed issues inherent to our democracy, including voting practices, legislative involvement, and redistricting.

8. October 20, 2021 – Digital Literary Feast, *Beautiful World, Where Are You?* by Sally Rooney
Attendees discussed the popularity of Sally Rooney at this virtual book discussion.
9. November 9, 2021 – Digital Engage ICT Democracy on Tap, What's Next for Young Wichitans
Local students shared with viewers the current challenges they face and what they expect after graduation.
10. November 17, 2021 – Digital Literary Feast, *The Book of Form and Emptiness* by Ruth Ozeki
Attendees discussed the importance of literature, personification, and magical realism at this virtual event.
11. December 14, 2021 – Digital Engage ICT Democracy on Tap, Highlights from 'Viral Kindness'
In this special edition of Engage ICT, viewers heard personal stories from three Kansans who spread goodwill during the pandemic.
12. December 15, 2021 – Digital Literary Feast, *The Lincoln Highway* by Amor Towles
Attendees discussed the coming-of-age adventure novel at this last virtual event of 2021.
13. January 19, 2022 – Digital Literary Feast, *Adress Unknown* by Katherine Kressman Taylor
Attendees discussed this short epistolary novel, first published in 1939.
14. January 24, 2022 – Digital Engage ICT Democracy on Tap, COVID-19 Community Update
Local healthcare workers gathered to provide an update and answer questions about the status of COVID-19 in Wichita and Sedgwick County.
15. February 15, 2022 – Digital Engage ICT Democracy on Tap, Homelessness and Mental Health
Event attendees learned about Wichita's upcoming efforts to aid those experiencing homelessness.
16. February 16, 2022 – Digital Literary Feast, *Cloud Cuckoo Land* by Anthony Doerr
Attendees discussed this popular book by the acclaimed author of *All the Light We Cannot See*.
17. March 8, 2022 – Digital Engage ICT Democracy on Tap, Legislative Session Overview
Kansas News Service reporter Jim McLean spoke with KMW's Sarah Jane Crespo about the issues the Kansas Legislature will tackle in 2022.

18. March 16, 2022 – Digital Literary Feast, *The House on Mango Street* by Sandra Cisneros
As part of the Big Read Wichita, attendees discussed this short novel and the implications of racism and the meaning of home.
19. April 19, 2022 – Digital Engage ICT Democracy on Tap, Resocializing
Mental health experts discussed anxiety and behavioral changes as many begin to resocialize.
20. April 20, 2022 – Digital Literary Feast, *The Swimmers* by Julie Otsaka
Attendees discussed this character-driven short novel at this virtual event.
21. April 29, 2022 – WichiTalks
Speakers discussed what "home" means at this in-person event at Roxy's Downtown. It was a part of a partnership between KMWU and the Wichita Public Library to celebrate Big Read Wichita.
22. May 17, 2022 – Digital Engage ICT Democracy on Tap, Book Bans
KMWU's Engage ICT convened to discuss the nationwide controversy regarding textbooks, library books, lesson plans, and the local implications.
23. May 18, 2022 – Literary Feast, *Take My Hand* by Dolan Perkins Valdez
At this first in-person event of 2022, attendees learned about the history of forced sterilization in the United States.
24. June 15, 2022 – Literary Feast, *This Time Tomorrow* by Emma Stub
Event attendees discussed time travel and caring for an aging parent at this book club discussion.

News Content

The record number of awards bestowed upon KMWU on the state, regional, and national levels in 2022 reflects the quality work of its reporters and producers. KMWU provides award-winning online news and cultural content via the website and app, items also recognized by the Kansas Association of Broadcasters.

National Awards

- **Society of Professional Journalists, September 13, 2021**
Sigma Delta Chi Award for Excellence in Journalism, Radio Feature Reporting
"3,000 Kansas Kindergartners and Untold Preschoolers Skipped Last Year. Now They're Behind" by Suzanne Perez
- **Public Media Journalists, December 24, 2021**
"You're Saying it Wrong: The (Most Mispronounced) Words of the Year!" Interview podcast by Fletcher Powell, Kathy Petras, and Ross Petras

Kansas Association of Broadcasters Statewide Awards

- **Station of the Year, Large Market Radio (nine years running)**
- KMUW also earned **nine first-place** awards, **six second-place** awards, and **six honorable mentions** for its news coverage, features, editorials, and website.

Other Activities

KMUW News continues collaborating with ten other local media outlets in sharing content through a community-wide effort with the Wichita Journalism Collaborative. KMUW's twice-monthly feature, *Mental Health Matters*, in cooperation with the Sedgwick County Mental Health Association, reflects a strong focus on mental health.

The Korva Coleman Journalism Internship for a Person of Color continues to serve as a model for the National Public Radio network of stations. KMUW works closely with NPR news host Korva Coleman and the Wichita Society of Professional Journalists to ensure the program's success.

In FY 2022, KMUW unveiled a Spanish-language news feature provided weekly via on-demand and podcast. The service, "*Radio Real, la Veracidad en las Noticias*" translates KMUW news stories that are most interesting to our Spanish-speaking community. KMUW hopes to expand the service to include a dedicated reporter and intern.

Closing Statement

KMUW strives to bring positive attention to the Wichita area through national collaborations. In FY2022, the Story Corps and One Small Step founder **identified KMUW as a national model**. This program helps people of different political persuasions have safe conversations, which is especially important in the divisive political environment of the past few years. Once again, KMUW leads by example and sets new, higher standards.

KMUW's diverse music programs are garnering more national attention. The radio program *Soulsations* now reaches other communities, including Kansas City and the Canadian Broadcasting Corporation in Newfoundland. The international music program *Global Village* continues to expand worldwide, as it has for the past decade.

In an unexpected turn, KMUW earned a grant to purchase a mobile studio designed to visit parks, neighborhoods, and events. In collaboration with WSU and Downtown Wichita, the station has outfitted a golf cart with recording equipment to reach new audiences in a literal sense in the spring of 2023. This addition will result in more diverse voices on KMUW.

KMUW's Library of Congress project to preserve the history of Kansas through public broadcasting earned more national and international attention in the past year at the International Association of Sound and Audiovisual Archives (IASA) conference in Mexico City. KMUW's archive program has broken new ground in developing extensive collaborative preservation efforts.

The coming fiscal year promises growth in corporate sponsorship following a full year of the restructuring of the KMUW Fundraising Division. The results of implementing more industry standards were already becoming apparent in FY2022. Plans are now in place to implement several new membership initiatives to help grow revenue from individual gifts.

Overall, the outlook for FY2023 is one of acting on big ideas and creative efforts! A recent staff restructuring allows station leadership to focus on how best to take advantage of the immense talent, creativity, and success of the KMUW team.

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

KMUW-FM Radio
121 N. Mead
Suite 200
Wichita, KS 67202
316-978-6789

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

STATEMENTS OF NET POSITION

June 30,

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	\$ 789,844	\$ 1,077,581
Investments	102,447	105,293
Receivables		
Member pledges	260,250	215,061
Program sponsorships	74,776	64,189
Grants	3,834	39,652
Prepaid expenses	73,495	69,329
Total current assets	1,304,646	1,571,105
Noncurrent assets		
Capital assets, net of depreciation	449,293	550,587
Total assets	<u>\$ 1,753,939</u>	<u>\$ 2,121,692</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 219,046	\$ 232,557
Paycheck Protection Program loan	-	296,667
Deferred revenue	2,644	77,195
Total current liabilities	221,690	606,419

NET POSITION

Investment in capital assets	449,293	550,587
Unrestricted	1,075,715	964,686
Restricted - expendable	7,241	-
Total net position	1,532,249	1,515,273
Total liabilities and net position	<u>\$ 1,753,939</u>	<u>\$ 2,121,692</u>

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

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30,

	2022	2021
Operating revenues		
Memberships and sponsorships	\$ 1,378,848	\$ 1,296,477
Major gifts and bequests	374,038	279,623
CPB community service grants	193,611	180,658
CPB - other grants	10,000	219,725
KPBC operating grants	38,345	35,631
Other grants	75,199	351,730
In-kind contributed support	124,061	160,226
Other	3,472	7,812
Paycheck Protection Program loan forgiveness	296,667	-
Total operating revenues	2,494,241	2,531,882
Expenses		
Program services		
Programming and production	1,304,720	1,195,425
Broadcasting and engineering	293,043	282,384
Program information and promotion	314,025	359,559
Supporting services		
Management and general	612,469	650,180
Fundraising and membership development	361,397	322,076
Sponsorship and grant solicitation	321,369	219,097
Total expenses	3,207,023	3,028,721
Operating loss	(712,782)	(496,839)
Nonoperating revenues		
Support from Wichita State University		
Appropriations - station operations	422,923	408,497
Indirect administrative support	266,205	286,648
Utilities	38,223	33,445
Investment earnings (loss)	2,407	21,808
Total nonoperating revenues	729,758	750,398
Change in net position	16,976	253,559
Net position at beginning of year	1,515,273	1,261,714
Net position at end of year	\$ 1,532,249	\$ 1,515,273

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

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2022	2021
Cash flows from operating activities		
Memberships, sponsorships, and gifts	\$ 1,318,632	\$ 1,327,130
Grants	656,900	754,512
Other	15,156	7,812
Payments to employees for services	(1,880,766)	(1,658,385)
Payments to suppliers for goods and services	(826,835)	(790,116)
Net cash (used in) or provided by operating activities	(716,913)	(359,047)
Cash flows from noncapital financing activities		
Appropriations	429,615	408,497
Paycheck Protection Program loan	-	296,667
Net cash provided by noncapital financing activities	429,615	705,164
Cash flows from investing activities		
Investment earnings (loss)	2,407	21,808
Change in pooled investments	(2,846)	(15,512)
Net cash provided (used) by investing activities	(439)	6,296
Net change in cash and cash equivalents	(287,737)	352,413
Cash and cash equivalents at beginning of year	1,077,581	725,168
Cash and cash equivalents at end of year	\$ 789,844	\$ 1,077,581
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (712,782)	\$ (496,839)
Adjustments to reconcile operating loss to net cash used in operating activities		
Indirect administrative support and utilities provided by Wichita State University	304,428	320,093
Depreciation	101,294	95,418
Paycheck Protection Program loan forgiveness	(297,667)	-
Changes in assets and liabilities		
Accounts receivable	(19,958)	(7,160)
Prepaid expenses	(4,166)	(437)
Accounts payable and accrued liabilities	(13,511)	4,919
Deferred revenue	(74,551)	(275,041)
Net cash (used in) or provided by operating activities	\$ (716,913)	\$ (359,047)

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

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. *Reporting entity*

KMUW-FM Radio (KMUW) is operated by Wichita State University (the University). The University is a component unit of the State of Kansas, is governed by the Kansas Board of Regents, and is included in the State's financial statements as part of the university system component unit.

KMUW operates as one of many departments within the University. Corporation for Public Broadcasting (CPB) grantees are required to prepare financial statements that discretely display the financial position and activities of the public broadcasting entity, not those of a parent institution or governmental unit, and independent auditors must audit and opine on those separately issued statements. This requirement applies to all public broadcasting entities, regardless of whether other accounting standards require the parent institution or governmental unit to include the public broadcasting entity in its separately issued, institution-wide or government-wide financial statements.

2. *Measurement focus and basis of accounting*

KMUW prepares its financial statements as a business-type activity in conformity with applicable pronouncements of Governmental Accounting Standards Board (GASB). Accordingly, KMUW's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

3. *Use of estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

4. Cash and cash equivalents

Cash and cash equivalents consist of pooled cash accounts on deposit with both the University and the Wichita State University Foundation (Foundation). KMUW considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. Investments

Investments consist of pooled investments held at the Foundation and are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

Investment earnings (losses) consist of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

6. Receivables

Receivables consist of pledges, unpaid program sponsorships, and contributions and grants receivable. Unpaid pledges at year-end are reduced by 10 percent in anticipation of some pledges not being fulfilled. Pledge reductions were \$28,916 and \$23,896 for the years ended June 30, 2022 and 2021, respectively. Program sponsorships, contributions and grants receivable at June 30, 2022 and 2021 are considered to be fully collectible. Past due accounts determined not to be collectible by management are charged off to expense.

7. Capital assets

Capital assets with a value equal or greater than \$5,000 are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of contributed assets. Other equipment valued at less than \$5,000 is reported as expense in the year of purchase or donation. Equipment is depreciated over its estimated useful life of 5 to 8 years, building improvements are depreciated over 40 years and leasehold improvements are depreciated over the shorter of the asset life or term of the lease. Expenditures for repairs and maintenance which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

8. Net position

Net position of KMUW is classified in the following components:

- Investment in capital assets consists of equipment net of accumulated depreciation and reduced by related debt, if any.
- Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.
- Restricted – nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. KMUW did not have any restricted - nonexpendable net position at June 30, 2022 and 2021.
- Restricted – expendable net position includes resources for which KMUW is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

9. Operating revenues and expenses

KMUW's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from transactions associated with the management, scheduling, and broadcasting of radio programs, the station's principal activity. Wichita State University support is reported as nonoperating revenues. Operating expenses are all expenses incurred in the management, scheduling, and broadcasting of radio programs.

10. Major gifts and bequests

CPB defines major gifts and bequests as any individual donor, including estates and trusts, who contributes an amount, in aggregate, equal to or greater than \$1,000 in the reporting year. KMUW had 137 and 131 major individual donors for the years ended June 30, 2022 and 2021, respectively.

11. Grant revenue recognition

Receipts from CPB community service grants and KPBC (Kansas Public Broadcasting Council) operating grants, which are generally for unrestricted purposes, are recognized as revenue when received. Receipts from all other grants are recognized as revenue when the restricted reimbursable expenditures are incurred. Grants authorized but not received are reported as a receivable if the revenue recognition criterion has been met.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

12. Deferred revenue

Deferred revenue represents grants and contract awards for which KMWU has not met all of the applicable eligibility requirements, and receipts for sponsorships of future programming.

13. In-kind contributed support

The estimated fair value of donated materials and supplies is recorded as revenue and expense in the period when the items are received.

14. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited using methods estimated to be reasonable by management.

15. Indirect administrative support

KMWU occupies, without charge, certain premises located in and owned by the State of Kansas. The station's separate financial statements reflect, as nonoperating revenue and operating expense of an equal amount, indirect administrative support provided by the University. In addition to contributed facilities, such support includes direct and indirect expenses incurred by the University in support of station operations. The value of contributed facilities and administrative support is determined in accordance with CPB guidelines, which approximates fair value, and is reported and recognized in the period when the premises are used. Indirect administrative support was valued at \$266,205 and \$286,648 for the years ended June 30, 2022 and 2021, respectively.

16. Risk management

Wichita State University (and KMWU) is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The University, as a state educational institution of Kansas, is subject to the State of Kansas self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and the Board of Regents building, contents and business interruption insurance policy. The State of Kansas does not insure state-owned automobiles for bodily injury and property damages. Also, as a state educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

17. Income taxes

KMUW is exempt from federal income taxes under Wichita State University's exemption as a governmental instrumentality under Section 115 of the Internal Revenue Code on income related to its exempt purpose.

18. Paycheck Protection Program loan

On June 4, 2021, KMUW qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$296,667 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1% per annum, with the first six months of interest deferred, has a term of five years and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon KMUW's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by KMUW.

KMUW recorded the PPP Loan as debt and recognized a gain on extinguishment when KMUW was legally released as the primary obligor through forgiveness approval from the lender on March 7, 2022.

NOTE B - OWNERSHIP, CONTROL AND MANAGEMENT

KMUW is managed and controlled by Wichita State University. All land and structures pertinent to the operation of the station are owned by the State of Kansas and have not been reflected as assets in the accompanying statements, except for facility improvements specific to station operations.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits

Cash and cash equivalents included balances on deposit with the University and with the Foundation, related parties, as follows as of June 30, 2022 and 2021:

	2022	2021
University	\$ 306,251	\$ 322,367
Foundation	483,593	755,214
Total balances on deposit	<u>\$ 789,844</u>	<u>\$ 1,077,581</u>

NOTE C - DEPOSITS AND INVESTMENTS - continued

Custodial credit risk is the risk that in the event of a failure of a custodian, KMUW's deposits may not be returned to it. At June 30, 2022 and 2021, \$483,593 and \$755,214, respectively, of KMUW's deposit balances were exposed to custodial credit risk. To minimize custodial risk, KMUW considers the financial strength of its depository relationships.

Investments

KMUW may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. KMUW's investments have been included in a pooled investment account owned and managed by the Foundation.

At June 30, KMUW had the following investments:

	2022	2021
Pooled investments (managed by the Foundation)	\$ 102,447	\$ 105,293

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation investment policy followed by the KMUW includes ongoing assessment of the composition of fixed income investments to total investments.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. KMUW requires investments to be maintained in accordance with the Foundation investment policy.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, KMUW will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Pooled investments managed by the Foundation are held by the investments' counterparty, not in the name of KMUW.

NOTE D - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. KMUW uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, KMUW measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available. There were no assets measured utilizing level 3 inputs as of June 30, 2022 and 2021.

NOTE D - FAIR VALUE MEASUREMENTS - continued

Fair values of assets measured on a recurring basis are as follows:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2022</u>				
Pooled investments	<u>\$ 102,447</u>	<u>\$ -</u>	<u>\$ 102,447</u>	<u>\$ -</u>
<u>June 30, 2021</u>				
Pooled investments	<u>\$ 105,293</u>	<u>\$ -</u>	<u>\$ 105,293</u>	<u>\$ -</u>

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

NOTE E - ECONOMIC DEPENDENCY

As disclosed in Note A, KMUW is operated by Wichita State University from which the station receives substantial financial support. KMUW also receives substantial financial support from its members and contributors. Should a significant reduction in support from either source occur, KMUW operations would be adversely effected.

NOTE F - PENSION PLAN

Wichita State University maintains a qualified deferred compensation plan under section 403(b) of the Internal Revenue Code. The plan is a defined contribution plan. Under the plan, employees are required to defer 5.5% of their compensation after one year of service and the station contributes an additional 8.5%. KMUW's contributions to this plan totaled \$101,710 and \$97,880 for the years ended June 30, 2022 and 2021.

NOTE G - CAPITAL ASSETS

Capital assets consist of the following:

	June 30, 2021	Additions	Deletions	June 30, 2022
Broadcasting equipment	\$ 991,824	\$ -	\$ -	\$ 991,824
Leasehold improvements	778,766	-	-	778,766
Accumulated depreciation	(1,220,003)	(101,294)	-	(1,321,297)
Net capital assets	<u>\$ 550,587</u>	<u>\$ (101,294)</u>	<u>\$ -</u>	<u>\$ 449,293</u>

	June 30, 2020	Additions	Deletions	June 30, 2021
Broadcasting equipment	\$ 991,824	\$ -	\$ -	\$ 991,824
Leasehold improvements	778,766	-	-	778,766
Accumulated depreciation	(1,124,585)	(95,418)	-	(1,220,003)
Net capital assets	<u>\$ 646,005</u>	<u>\$ (95,418)</u>	<u>\$ -</u>	<u>\$ 550,587</u>

NOTE H - RESTRICTED NET POSITION - EXPENDABLE

Expendable restricted net position of \$7,241 was available to build public media journalism capacity in underserved areas; develop, execute and share innovative engagement practices that align with journalistic ethics and standards; and ensure that diverse voices from all parts of America are fully represented in public media coverage at the local, regional and national levels as of June 30, 2022. There was no expendable restricted net position as of June 30, 2021.

NOTE I – FACILITIES

The University leases space occupied by KMUW as its primary broadcast facility. The lease is for a five-year period commencing July 1, 2015, with a renewal option for an additional five year period. The lease calls for fixed rent payable in monthly installments of \$5,000 per month plus additional rent for certain operating costs and parking fees. Total rent paid for the years ended June 30, 2022 and 2021, including additional rent, amounted to \$88,670 and \$88,360, respectively. This support from the University is reflected within indirect administrative support.

NOTE J - RELATED PARTY TRANSACTIONS

Certain assets related to endowed funds were transferred to the Foundation for management in accordance with a management services agreement. Cash and certain investments were combined with Foundation accounts. The amount of assets included in the statements of net position, consisting of deposits and pooled investments, with the Foundation totaled \$586,040 and \$860,507 at June 30, 2022 and 2021, respectively.

NOTE J - RELATED PARTY TRANSACTIONS - continued

The University provided indirect administrative support, as referenced in Note A, appropriations, and utilities in support of station operations. For the year ended June 30, 2022, total appropriations and utilities were \$422,923 and \$38,223, respectively. For the year ended June 30, 2021, total appropriations and utilities were \$408,497 and \$33,445, respectively.

NOTE K – SUBSEQUENT EVENTS

Management of KMUW has evaluated subsequent events through January 12, 2023, the date the financial statements were available to be issued.

Other Supplementary Information

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	Program services				Supporting services				Grand Total
	Programming and production	Broadcasting and engineering	Program information and promotion	Total program services	Management and general	Fundraising and membership development	Underwriting and grant solicitation	Total supporting services	
Salaries and benefits	\$ 796,403	113,872	232,152	1,142,427	301,966	191,853	285,389	779,208	\$1,921,635
Programming provider fees									
National Public Radio	277,996	11,820	-	289,816	-	-	-	-	289,816
American Public Media	64,436	-	-	64,436	-	-	-	-	64,436
Public Radio Exchange	34,389	-	-	34,389	-	-	-	-	34,389
New York Public Radio	15,897	-	-	15,897	-	-	-	-	15,897
Indirect administrative support	-	-	-	-	266,205	-	-	266,205	266,205
Corporate support consultant	-	-	-	-	-	-	17,754	17,754	17,754
Depreciation	-	101,294	-	101,294	-	-	-	-	101,294
Other	115,599	66,057	81,873	263,529	44,298	169,544	18,226	232,068	495,597
Total	<u>\$ 1,304,720</u>	<u>293,043</u>	<u>314,025</u>	<u>1,911,788</u>	<u>612,469</u>	<u>361,397</u>	<u>321,369</u>	<u>1,295,235</u>	<u>\$3,207,023</u>

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program services				Supporting services				Grand Total
	Programming and production	Broadcasting and engineering	Program information and promotion	Total program services	Management and general	Fundraising and membership development	Sponsorship and grant solicitation	Total supporting services	
Salaries and benefits	\$ 724,054	111,983	212,596	1,048,633	286,526	179,077	169,065	634,668	\$1,683,301
Programming provider fees									
National Public Radio	268,479	11,338	-	279,817	-	-	-	-	279,817
American Public Media	65,992	-	-	65,992	-	-	-	-	65,992
Public Radio Exchange	33,831	-	-	33,831	-	-	-	-	33,831
New York Public Radio	10,570	-	-	10,570	-	-	-	-	10,570
Indirect administrative support	-	-	-	-	286,648	-	-	286,648	286,648
Corporate support consultant	-	-	-	-	-	-	47,588	47,588	47,588
Depreciation	-	95,418	-	95,418	-	-	-	-	95,418
Other	92,499	63,645	146,963	303,107	77,006	142,999	2,444	222,449	525,556
Total	<u>\$ 1,195,425</u>	<u>282,384</u>	<u>359,559</u>	<u>1,837,368</u>	<u>650,180</u>	<u>322,076</u>	<u>219,097</u>	<u>1,191,353</u>	<u>\$3,028,721</u>

EL DORADO	117 W. CENTRAL AVE	EL DORADO, KS 67042-0847	316-321-1150
TUCSON	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
TULSA	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-494-8700
WAGONER	509 S. MCQUARRIE AVE	WAGONER, OK 74467-6223	918-485-5531
WICHITA	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335