

**KUT RADIO  
OF  
THE UNIVERSITY OF TEXAS AT AUSTIN**

**AUDITED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2022**

**KUT RADIO  
OF  
THE UNIVERSITY OF TEXAS AT AUSTIN  
AUDITED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2022**

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## **Independent Auditors' Report**

To the Management of KUT Radio and to  
The University of Texas at Austin  
Austin, Texas

### **Opinion**

We have audited the accompanying financial statements of KUT Radio of the University of Texas at Austin (KUT), which comprise the statement of net position as of August 31, 2022, and the related statements of revenues, expenses, and change in net position, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KUT as of August 31, 2022, and the results of its operations and its 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KUT, 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 opinions except for the following qualification.

### **Emphasis of Matters**

As discussed in Note 11 to the financial statements, KUT corrected its cash balance as of August 31, 2021, which resulted in a correction of the beginning net position as of September 1, 2021. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the financial statements present only KUT and do not purport to, and do not present fairly the financial position of the University of Texas at Austin as of August 31, 2022, the changes in its financial position, or, where applicable, 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 KUT's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

## **Auditor's 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 GAAS 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 GAAS 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 KUT'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 Program's ability to continue as a going concern for a reasonable period of time.

## Other Matters

### *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 7 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of activities and functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 audit 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.

*Atchley & Associates, LLP*

Austin, Texas

April 14, 2023

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

KUT Public Media operates within the Moody College of Communication at the University of Texas at Austin. KUT Public Media operates and these financial statements reflect KUT 90.5FM, KUTX 98.9FM, and KXBT 88.1FM. These financial statements are submitted to the Corporation for Public Broadcasting on behalf of grantee KUT which will be referenced entity for the remainder of this document.

This section of KUT's annual financial report presents our discussion and analysis of KUT's financial performance during the fiscal year ending August 31, 2022.

**Financial Highlights for the Year Ended August 31, 2022**

- KUT's total combined net assets were \$18,363,712 at August 31, 2022.
- During the year, KUT's expenses were \$1,159,428 less than the \$15,713,241 generated in revenues from activities, direct and in-kind support from the University of Texas at Austin.
- The total cost of KUT's programming and production increased by \$1,117,577.

**Overview of the Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. These statements are presented as proprietary fund statements and offer both short- and long-term financial information about the activities of KUT.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

The financial statements report information about KUT as a whole using accounting methods similar to those used by independent non-profit organizations. The statement of net position includes all of KUT's assets and liabilities. The statement of revenues, expenses, and change in net assets presents information showing how KUT's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and change in net assets regardless of when cash is received or paid.

These two statements report KUT's net assets and how they have changed. Net assets – the difference between KUT's assets and liabilities – is one way to measure KUT's financial health or position.

- Over time, increases or decreases in KUT's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of KUT, one needs to consider additional non-financial factors such as stability and growth of radio and related services.

The supplementary information section includes KUT's statements of activities and functional expenses. KUT's programming and services are included here. Revenues from grants, sales and services as well as memberships and contributions finance most of these activities.

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

**Program Financial Analysis**

**Net Assets**

KUT's combined net assets were \$18,363,712 at August 31, 2022.

**STATEMENT OF NET POSITION**  
**August 31, 2022**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 6,106,768
Accounts receivable	
Trade receivable, net allowance	431,732
Pledges receivable, net of allowance	1,277,069
Total current assets	<u>7,815,569</u>

Capital assets:

Furniture and equipment, net	865,894
Leasehold improvements, net	4,625,780
Total capital assets, net of accumulated depreciation/amortization	<u>5,491,674</u>
Digital licenses	<u>6,001,985</u>
Total capital assets	<u>11,493,659</u>

**TOTAL ASSETS**

\$ 19,309,228

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 306,978
Advances from underwriters	162,408
Current portion of interfund note payable	476,130
Total current liabilities	<u>945,516</u>

Noncurrent portion of interfund payable

-

**TOTAL LIABILITIES**

945,516

**NET POSITION**

Invested in capital assets net of related debt	11,017,529
Restricted - nonexpendable	25,000
Restricted - radio services community	183,494
Unrestricted net position	<u>7,137,689</u>

**TOTAL NET POSITION**

\$ 18,363,712

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

**Changes in Net Assets**

KUT's total revenues were \$15,713,241. A significant portion, approximately 88%, of KUT's revenue comes from individual membership contributions and underwriting (sponsorships) of programming. KUT receives approximately 1% of its total revenues in the form of non-operating support from The University of Texas at Austin and other entities in the form of direct financial support and indirect and in-kind support of activities. KUT receives approximately 4% of its total revenue from private foundation and federal grant sources.

**Major Sources of Revenues**

	2022
Sales/Service and Memberships/Contributions	\$ 13,888,609
Grants	662,332
Non-Operating Support	1,068,955
In-Kind Support	109,911
Total	\$ 15,729,807

The total costs of all programming, services and operations was \$14,553,813.

- 73% of total costs were directly related to content and service delivery
- 22% of total costs were directly related to resource development and listener services
- 5% of total costs were directly related to administration, strategy, and outreach

**Capital Assets and Debt Administration**

At August 31, 2022, KUT had \$9,918,733 invested in capital assets of which \$8,200,307 was held in leasehold improvements and \$1,718,426 held in equipment.

Since fiscal year 2003-2004, KUT has accounted for annual depreciation in its operating budget and statement of expenses. Equipment depreciation for fiscal year 2022 was \$103,267 and was accounted for in operating expenses. Leasehold improvement amortization was recorded and accounted for in operating expenses in the amount of \$348,885.

KUT has budgeted for fiscal year 2022 capital investments of approximately \$115,000 in new fixed assets and/or replacement of fully depreciated assets.

**Long-Term Debt**

KUT has a long term note payable to The University of Texas at Austin in the remaining amount of \$476,130 of which \$476,130 is considered due in short term. This note is for the purchase of the broadcast signal 98.9 FM that KUT operates under the FCC call sign KUTX FM. It is a 10-year note beginning 9/1/2013 and ending 9/1/2022 at an annual interest percentage rate of 4%.



**KUT RADIO  
THE UNIVERSITY OF TEXAS AT AUSTIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2022**

Budgetary Highlights

KUT, a wholly owned licensee of the University of Texas at Austin, is bound by University rules regarding expenditures.

Economic Factors and Next Year's Budgets

KUT adopts annual operating budgets for each fiscal year. KUT's operating costs for fiscal year 2023 are projected to be \$14,477,877. Targeted revenue for the fiscal year ending August 31, 2023 is \$13,763,998. KUT believes these goals to be realistic and achievable. The KUT annual operating budget does not reflect approximately \$935,952 in non-cash indirect support provided to KUT by the University of Texas at Austin. This support is reported as both income and expense balancing entries in the annual financial statements.

FY 2023 will reflect no direct operating support from the Moody College of Communication at the University of Texas. Significant, non-cash indirect support will continue to appear in the audited financial statements.

Contacting KUT's Financial Management

This financial report is designed to provide its users with a general overview of KUT's finances and to demonstrate KUT's accountability for the money it receives. Questions about this report may be directed to the accounting department of KUT at the below information.

KUT  
ATTN: Accounting  
300 West Dean Keeton Stop A0704  
Austin Texas 78712

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**STATEMENT OF NET POSITION**  
**August 31, 2022**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 6,106,768
Accounts receivable	
Trade receivable, net allowance	431,732
Pledges receivable, net of allowance	1,277,069
Total current assets	<u>7,815,569</u>

Capital assets:

Furniture and equipment, net	865,894
Leasehold improvements, net	<u>4,625,780</u>
Total capital assets, net of accumulated depreciation/amortization	5,491,674

Digital licenses	<u>6,001,985</u>
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Total capital assets	<u>11,493,659</u>
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<b>TOTAL ASSETS</b>	<u><u>\$ 19,309,228</u></u>
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 306,978
Advances from underwriters	162,408
Current portion of interfund note payable	<u>476,130</u>
Total current liabilities	945,516

Noncurrent portion of interfund payable	<u>-</u>
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<b>TOTAL LIABILITIES</b>	945,516
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**NET POSITION**

Invested in capital assets net of related debt	11,017,529
Restricted - nonexpendable	25,000
Restricted - radio services community	183,494
Unrestricted net position	<u>7,137,689</u>

<b>TOTAL NET POSITION</b>	<u><u>\$ 18,363,712</u></u>
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The accompanying notes are an integral part of these financial statements.

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE**  
**IN NET POSITION**  
**Year Ended August 31, 2022**

**OPERATING REVENUES:**

Sales and services	\$ 7,244,260
Memberships and contributions	6,644,349
Grants	662,332
General support	1,068,955
Interest income	51,725
Loss on disposal of assets	(68,291)
In-kind support	<u>109,911</u>
Total operating revenues	15,713,241

**OPERATING EXPENSES:**

Program services:	
Programming and production	8,867,659
Broadcasting	1,574,779
Support services:	
Management and general	640,329
Fundraising and development	1,800,115
Underwriting and grant solicitation	<u>1,670,931</u>
Total operating expenses	<u>14,553,813</u>
Operating income	1,159,428

**CHANGE IN NET POSITION**

Net position, beginning of year	<u>17,204,284</u>
Net position, end of year	<u><u>\$ 18,363,712</u></u>

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

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**STATEMENT OF CASH FLOWS**  
**Year Ended August 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from sales and services	\$ 6,633,346
Cash received from membership contributions	6,915,169
Cash received from grants	662,332
Cash payments to employees	(7,470,686)
Cash payments to other suppliers for goods and services	(5,530,423)
<b>Net cash provided by operating activities</b>	<u>1,209,738</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Investment income	51,725
Purchase of fixed assets	(91,227)
<b>Net cash provided (used) by investing activities</b>	<u>(39,502)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Principal payments on note payable	(456,207)
<b>Net cash provided (used) by financing activities</b>	<u>(456,207)</u>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>714,029</u>
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<b>Cash and cash equivalents, beginning of year</b>	<u>5,392,739</u>
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<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 6,106,768</u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 1,159,428
Adjustments to reconcile changes in net position to net cash provided by operating activities:	
Depreciation	103,267
Amortization	348,885
Loss on disposal of assets	68,291
Interest income	(51,725)
Changes in assets and liabilities:	
Trade receivable	(214,680)
Pledges receivable	270,820
Accounts payable	31,597
Advances from underwriters	(506,145)
<b>Net cash provided by operating activities</b>	<u><u>\$ 1,209,738</u></u>

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

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended August 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of KUT Radio (KUT) of the University of Texas at Austin (the University) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to Public Colleges and Universities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Description of the Organization**

KUT is licensed to The University of Texas at Austin and is governed by the University of Texas Board of Regents. It provides a high quality mix of local and national informational and cultural public radio programs to Central Texas. It operates as a part of the Communication Department of the University and is included in the University’s general ledger accounting system. All accounting transactions of KUT are processed by the University’s administrative offices and are included in the University’s financial report.

These financial statements present only KUT and do not purport to, and do not, present fairly the financial position of the University of Texas at Austin, as of August 31, 2022, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Complete financial statements of the University of Texas at Austin can be obtained at its administrative offices.

**Basis of Presentation, Basis of Accounting**

KUT Radio uses the reporting model for business-type activities (Enterprise Fund Model) as described in GASB Statement No. 35. Enterprise fund operating revenues, such as charges for services and contributions, result from transactions associated with the principal activity of the fund. Operating expenses include salaries and wages and related costs, materials and supplies, and depreciation. All revenues and expenses not meeting the definition of operating revenues or expenses are reported as non-operating revenues and expenses. KUT had no non-operating expenses in 2022.

**Measurement Focus, Basis of Accounting**

Enterprise fund financial statements are reported using the economic resources measurement focus. They use the accrual basis of accounting. Using this basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which KUT receives value without directly giving equal value in exchange, include state appropriations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When KUT incurs an expense for which both restricted and unrestricted resources may be used, it is KUT’s policy to use restricted resources first, then unrestricted resources.

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended August 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Measurement Focus, Basis of Accounting - Continued**

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," issued by the Financial Accounting Standards Board ("FASB"), KUT has chosen to apply future FASB standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

**Accounts Receivable/Payables**

Accounts receivable includes amounts pledged but not received, as well as amounts earned, but not billed at year end. All pledges receivable not expected to be received within one year are classified as noncurrent. The KUT provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. KUT's estimate is based on historical collections, and a review of the current status of the accounts receivable. An allowance of \$268,674 was recorded as of August 31, 2022.

KUT believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

**Capital Assets**

Capital assets are recorded at cost if purchased and fair value if donated. KUT capitalizes equipment that has a useful life of 3 years or more and an acquisition cost of \$2,500 or greater.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 3 to 60 years.

**Net Position**

GASB Statement No. 34, as amended by GASB 63 and 65, requires resources be classified for accounting and reporting purposes into the following net position categories:

*Invested in Capital Assets, Net of Related Debt*

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. KUT had \$11,493,659 in capital assets and \$476,130 in related debt at August 31, 2022.

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended August 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Net Position - Continued**

*Restricted*

*Nonexpendable*

Net position subject to externally imposed stipulations that they be maintained permanently by KUT. KUT had \$25,000 in Restricted-Nonexpendable net position at August 31, 2022.

*Expendable*

Net position whose use by KUT is subject to externally imposed stipulations that can be fulfilled by actions of KUT pursuant to those stipulations or that expire with the passage of time. KUT had \$183,494 in Restricted-Expendable net position at August 31, 2022. These were restricted for program specific use and capital additions.

It is KUT's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**Donated Materials and Services**

KUT reports donated materials as general support. Donated materials are recorded at an estimated fair value based on the experience of KUT. KUT uses contributed services in its operations and reports the services as in-kind support. The contributed services are reported as support if, a) the services create or enhance non-financial assets or b) the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated materials and services are offset with a charge to the appropriate expense account. Donated materials and services received totaled \$109,911 for the year ended August 31, 2022. See Note 6.

**Allocation of Common Costs**

KUT allocates common costs between program services and supporting services based on the activities of KUT. The resulting allocations are reviewed annually, and the allocations revised, if necessary, to reflect changes in the activities of KUT.

**Compensated Absences**

The University of Texas at Austin's policy is as follows:

Full-time state employees earn annual leave from eight to twenty-one hours per month depending upon the respective employees' years of state employment. Accrued leave may be carried forward from one fiscal year to another fiscal year, with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Employees with at least six months of state service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of death. The maximum sick leave that may be paid to an employee's estate is one-half of the accumulated entitlement or 336 hours, whichever is less. The cost of sick leave is recognized when paid and the liability is not shown in the financial statements and is considered to be immaterial.

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended August 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. See Note 12.

**NOTE 2: DEPOSITS**

At year end, KUT's carrying amount of deposits was \$6,106,768 at August 31, 2022. KUT Radio's cash is kept in pooled cash accounts maintained by the University of Texas at Austin. All cash balances of the University of Texas at Austin are covered by the Federal Deposit Insurance Corporation (FDIC) insurance or by collateral held by the University's agent in the University's name or the pledging financial institution's trust department or agent in the University's name.

**NOTE 3: CAPITAL ASSETS**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture/equipment	\$ 1,627,199	\$ 91,227	\$ -	\$ 1,718,426
Accumulated depreciation	(749,265)	(103,267)	-	(852,532)
Leasehold improvements	8,200,307	-	-	8,200,307
Accumulated depreciation	(3,157,350)	(417,176)	-	(3,574,526)
Digital licenses	6,001,984	-	-	6,001,984
Total capital assets (net)	<u>\$11,922,875</u>	<u>\$ (429,216)</u>	<u>\$ -</u>	<u>\$11,493,659</u>

Depreciation is charged to Program Services. Amortization of leasehold improvements is allocated across program and supporting services based on management's estimate of the use of the improvements by service.

**NOTE 4: COMMITMENTS AND CONTINGENCIES**

KUT participates in funding that is subject to audit by funding agencies. These grantors have program compliance requirements and should funding source auditors find areas of non-compliance, KUT may be required to refund unallowable costs. Management believes that such unallowable costs, if any, are not significant.



**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended August 31, 2022**

**NOTE 5: RELATED PARTY TRANSACTIONS**

**General Support**

KUT receives indirect general support from the University of Texas at Austin relating to certain administrative costs of facilities, IT, payroll, and miscellaneous expenses. The support is considered to be in-kind and is reflected as general support contribution in the statement of revenue, expenses, and change in net position. For the year ended August 31, 2022, KUT received \$1,068,955 in general support from the University of Texas at Austin.

**Debt**

In November 2012, KUT acquired a second radio station (KUTX). As part of the purchase of KUTX, the University of Texas loaned KUT \$4,000,000, payable over a 10-year period, with an interest rate of 4%. KUTX is pledged as security for the loan. Interest expense is considered a direct expense of Programming & Production and is included in operating expenses on the statement of revenue, expenses and changes in net position. Interest expense was \$19,045 for 2022. Accrued interest payable at year end is \$19,045.

The future maturities of long-term debt are as follows:

<u>Year Ending August 31:</u>	
2023	<u>\$ 476,130</u>
Total debt	476,130
Current portion	<u>476,130</u>
Non-current portion	<u><u>\$ -</u></u>

**NOTE 6: EMPLOYEES' RETIREMENT PLANS**

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the University participated is a cost-sharing multi-employer public employee retirement system administered by the Teacher Retirement System of Texas. TRS is primarily funded through state and employee contributions. Depending upon the source of funding for a participant's salary, the University may be required to make contributions in lieu of the state. KUT Radio's share of the employer matching (6% of annual salary) for covered employees is included in the costs reported in the financial statements.

**NOTE 7: HEALTH CARE COVERAGE**

The U.T. System Employee Group Insurance program provides health, dental, vision, life insurance, long term disability, long term care, and flexible spending account coverage to all benefits-eligible employees. These insurance benefits are provided through both self-funded and fully insured arrangements. A portion of an individual's group health insurance premium is paid by the state as specified in the General Appropriations Act. The System's Office of Employee Group Insurance (EGI) is responsible for the overall administration of the insurance plans. EGI was established by Chapter 1601 (formerly Article 3.50-3) of the Texas Insurance Code and complies with state laws and statutes pertinent to employee benefits for the System.

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended August 31, 2022**

**NOTE 8: PERMANENTLY RESTRICTED NET POSITION**

The Endowment Fund of KUT-Radio consists of one gift from an individual donor. The endowment includes donor-restricted endowment funds only and related earnings. The endowment funds are maintained in an account with the University of Texas. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the UT System Board of Regents may distribute net appreciation, realized and unrealized, in the fair market value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent. The System's policy is to retain all undistributed net realized and unrealized appreciation within the endowment funds. Endowment Funds are subject to restrictions of endowment and trust instruments, requiring that the principal be maintained and that only the income be utilized. This endowment's holdings are invested in the Long Term Fund, which is managed by the University of Texas Investment Management Company (UTIMCO). For the year ended August 31, 2022, there was no activity relating to the endowment.

**NOTE 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 6,106,768
Pledges receivable, no purpose restrictions	1,277,069
Receivables, production and underwritings	431,732
	<u>\$ 7,815,569</u>

As part of KUT's liquidity management plan, it has a policy to structure financial assets to be available as general expenditure, liabilities, and other obligations come due. KUT donor designated a non-expendable endowment \$25,000 as August 31, 2022.

**NOTE 10: PRIOR PERIOD CORRECTION**

KUT corrected the amount of cash reported at August 31, 2021, due to an incorrect account being erroneously included. The effect of the correction was to restate the net position as of September 1, 2021 from \$19,365,844 to \$17,204,284.

**NOTE 11: SUBSEQUENT EVENTS**

On October 6, 2022, KUT made the final payment on the interfund debt balance discussed in Note 6. The debt is considered fully paid off and complete as of this date.

## **OTHER SUPPLEMENTARY INFORMATION**

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**STATEMENT OF ACTIVITIES**  
**Year Ended August 31, 2022**

Business Type Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Business-Type Activities
KUT Radio	\$ 14,553,813	\$ 7,244,260	\$ 8,485,547	\$ -	\$ 1,175,994
General revenues:					
Interest income					51,725
Gain (loss) on disposal of asset					(68,291)
Change in net position					1,159,428
Net position - beginning					17,204,284
Net position - ending					<u>\$ 18,363,712</u>

**KUT RADIO**  
**THE UNIVERSITY OF TEXAS AT AUSTIN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended August 31, 2022**

	Program Services		Supporting Services			Total
	Production & Programming	Broadcasting	Management & General	Fundraising & Development	Underwriting	
<b>EXPENSES</b>						
Salaries and employee benefits	\$ 5,566,759	\$ 599,844	\$ 430,983	\$ 873,100	\$ -	\$ 7,470,686
Professional services	302,484	92,329	32,600	88,067	1,345,053	1,860,533
Office supplies	908	1,488	3,481	496	376	6,749
Telephone	215	43,799	-	-	-	44,014
Postage and shipping	20	140	-	157,616	-	157,776
Advertising	55,906	-	-	-	-	55,906
Rental and maintenance of equipment	124	90,066	10,407	-	-	100,597
Depreciation	-	103,267	-	-	-	103,267
Leasehold amortization expense	177,932	38,377	38,377	48,844	45,355	348,885
Printing, publication, graphics	3,243	-	140	145,440	-	148,823
Travel	37,454	-	1,146	15,154	-	53,754
Conferences, conventions, meetings	12,183	2,999	9,340	11,821	21,782	58,125
Programming	1,378,598	324,624	-	-	-	1,703,222
Indirect administration support	726,889	149,654	53,448	-	138,964	1,068,955
Other	604,944	128,192	60,407	459,577	119,401	1,372,521
Total expenses	\$ 8,867,659	\$ 1,574,779	\$ 640,329	\$ 1,800,115	\$ 1,670,931	\$ 14,553,813