

KWGS and KWTU – The University of Tulsa

Independent Auditor's Report and Financial Statements

June 30, 2020 and 2019



KWGS and KWTU – The University of Tulsa
June 30, 2020 and 2019

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Independent Auditor's Report

Board of Trustees
The University of Tulsa
Tulsa, Oklahoma

We have audited the accompanying financial statements of KWGS and KWTU – The University of Tulsa (the Stations), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stations as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 1*, the accompanying financial statements of the Stations are intended to present the financial position and changes in net assets and cash flows of only that portion of activities that is attributable to the transactions of the Stations. They do not purport to, and do not, present fairly the financial position of The University of Tulsa as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

BKD, LLP

Tulsa, Oklahoma
November 23, 2020

KWGS and KWTU – The University of Tulsa
Statements of Financial Position
June 30, 2020 and 2019

Assets

	2020	2019
Equity in pooled cash	\$ 777,249	\$ 550,111
Contribution receivable	4,880	9,527
Prepaid programming expenses	89,585	66,778
Property and equipment, net	98,338	126,734
Other assets	37,892	33,124
Total assets	\$ 1,007,944	\$ 786,274

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities	\$ 110,290	\$ 81,086
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Net Assets

Without donor restrictions	855,487	642,491
With donor restrictions	42,167	62,697
Total net assets	897,654	705,188
Total liabilities and net assets	\$ 1,007,944	\$ 786,274

KWGS and KWTU – The University of Tulsa
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains, and Other Support			
University support			
General appropriation	\$ 318,239	\$ -	\$ 318,239
Indirect administrative services	409,267	-	409,267
Subscriptions and contributions	1,138,167	-	1,138,167
Community service and other grants	176,144	36,787	212,931
In-kind contributions	100,336	-	100,336
Other	1,619	193	1,812
	<hr/>	<hr/>	<hr/>
Total revenue	2,143,772	36,980	2,180,752
Net assets released from restrictions	62,278	(62,278)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains, and other support	2,206,050	(25,298)	2,180,752
	<hr/>	<hr/>	<hr/>
Expenses			
Program services			
Programming and production	1,054,484	-	1,054,484
Broadcasting	233,907	-	233,907
Program information	36,951	-	36,951
	<hr/>	<hr/>	<hr/>
Total program services	1,325,342	-	1,325,342
Support services			
Fundraising	136,912	-	136,912
Management and general	530,800	-	530,800
	<hr/>	<hr/>	<hr/>
Total expenses	1,993,054	-	1,993,054
	<hr/>	<hr/>	<hr/>
Change in Net Assets from Operating Activities	212,996	(25,298)	187,698
	<hr/>	<hr/>	<hr/>
Nonoperating Activities			
Net endowment loss in excess of income designated for operations	-	(1,782)	(1,782)
Gifts for endowments	-	6,550	6,550
	<hr/>	<hr/>	<hr/>
Total nonoperating activities	-	4,768	4,768
	<hr/>	<hr/>	<hr/>
Increase (Decrease) in Net Assets	212,996	(20,530)	192,466
	<hr/>	<hr/>	<hr/>
Net Assets, Beginning of Year	642,491	62,697	705,188
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 855,487</u>	<u>\$ 42,167</u>	<u>\$ 897,654</u>

See Notes to Financial Statements

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
University support			
General appropriation	\$ 306,854	\$ -	\$ 306,854
Indirect administrative services	127,863	-	127,863
Subscriptions and contributions	1,004,152	20,000	1,024,152
Community service and other grants	106,593	38,491	145,084
In-kind contributions	106,237	-	106,237
Other	1,273	361	1,634
	<hr/>	<hr/>	<hr/>
Total revenue	1,652,972	58,852	1,711,824
Net assets released from restrictions	32,949	(32,949)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains, and other support	1,685,921	25,903	1,711,824
	<hr/>	<hr/>	<hr/>
Expenses			
Program services			
Programming and production	1,166,591	-	1,166,591
Broadcasting	243,365	-	243,365
Program information	37,465	-	37,465
	<hr/>	<hr/>	<hr/>
Total program services	1,447,421	-	1,447,421
Support services			
Fundraising	138,525	-	138,525
Management and general	246,558	-	246,558
	<hr/>	<hr/>	<hr/>
Total expenses	1,832,504	-	1,832,504
	<hr/>	<hr/>	<hr/>
Change in Net Assets from Operating Activities	(146,583)	25,903	(120,680)
	<hr/>	<hr/>	<hr/>
Nonoperating Activities			
Net endowment gains in excess of income designated for operations	-	835	835
Gifts for endowments	-	5,695	5,695
	<hr/>	<hr/>	<hr/>
Total nonoperating activities	-	6,530	6,530
	<hr/>	<hr/>	<hr/>
Increase (Decrease) in Net Assets	(146,583)	32,433	(114,150)
	<hr/>	<hr/>	<hr/>
Net Assets, Beginning of Year	789,074	30,264	819,338
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 642,491</u>	<u>\$ 62,697</u>	<u>\$ 705,188</u>

KWGS and KWTU – The University of Tulsa
Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	Program Services			Support Services		Total
	Programming and Production	Broadcasting	Program Information	Fundraising	Management and General	
2020						
Salaries	\$ 263,105	\$ 70,474	\$ 23,491	\$ 42,285	\$ 70,475	\$ 469,830
Fringe benefits	89,153	23,881	7,960	14,327	23,880	159,201
Supplies and general expenses	702,226	16,499	5,500	80,300	21,499	826,024
Depreciation	-	22,717	-	-	5,679	28,396
Tower rental	-	100,336	-	-	-	100,336
Indirect administrative expenses	-	-	-	-	409,267	409,267
Total	<u>\$ 1,054,484</u>	<u>\$ 233,907</u>	<u>\$ 36,951</u>	<u>\$ 136,912</u>	<u>\$ 530,800</u>	<u>\$ 1,993,054</u>
2019						
Salaries	\$ 264,069	\$ 70,733	\$ 23,578	\$ 42,440	\$ 70,734	\$ 471,554
Fringe benefits	93,345	25,003	8,334	15,002	25,003	166,687
Supplies and general expenses	809,177	16,658	5,553	81,083	16,658	929,129
Depreciation	-	24,734	-	-	6,183	30,917
Tower rental	-	100,336	-	-	-	100,336
Indirect administrative expenses	-	-	-	-	127,863	127,863
Other	-	5,901	-	-	117	6,018
Total	<u>\$ 1,166,591</u>	<u>\$ 243,365</u>	<u>\$ 37,465</u>	<u>\$ 138,525</u>	<u>\$ 246,558</u>	<u>\$ 1,832,504</u>

KWGS and KWTU – The University of Tulsa
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Subscriptions and contributions received	\$ 1,142,814	\$ 1,028,577
Community service and other grants received	212,931	145,084
University support received	318,239	306,854
Other income received	1,812	1,634
Cash paid to suppliers and employees	(1,450,440)	(1,552,743)
Net cash provided by (used in) operating activities	225,356	(70,594)
Investing Activities		
Investment income (loss)	(1,782)	835
Purchase of investments	(2,986)	(7,365)
Net cash used in investing activities	(4,768)	(6,530)
Financing Activities		
Purchase of property and equipment	-	(9,755)
Contributions received for endowment	6,550	5,695
Net cash provided by (used in) financing activities	6,550	(4,060)
Increase (Decrease) in Equity in Pooled Cash	227,138	(81,184)
Equity in Pooled Cash, Beginning of Year	550,111	631,295
Equity in Pooled Cash, End of Year	\$ 777,249	\$ 550,111
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Increase (decrease) in net assets	\$ 192,466	\$ (114,150)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	28,396	30,917
Loss on disposal of assets	-	117
Contributions received for endowment	(6,550)	(5,695)
Changes in operating assets and liabilities		
Contributions receivable	4,647	4,425
Prepaid programming expenses and other	(22,807)	16,264
Accounts payable and accrued liabilities	29,204	(2,472)
Net cash provided by (used in) operating activities	\$ 225,356	\$ (70,594)

KWGS and KWTU – The University of Tulsa

Notes to Financial Statements

June 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

KWGS and KWTU – The University of Tulsa (the Stations) are radio stations operated by The University of Tulsa (the University), a private university located in Tulsa, Oklahoma. The financial activities of the Stations are included in the financial statements of the University. The Stations are northeastern Oklahoma’s National Public Radio affiliates and offer students opportunities to experience broadcasting in actual work settings.

Basis of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. While the Stations are not separate legal entities, the accompanying financial statements of the Stations have been prepared from the separate records maintained by the University. The University provides an annual appropriation to support the direct operating expenses of the Stations and also provides indirect services for the benefit of the Stations. The accompanying financial statements may not necessarily be indicative of conditions that would have existed and the results of operations if the Stations had been operated as an unaffiliated entity. Portions of certain revenues and expenses represent allocations from the University.

Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees of the University.

With Donor Restrictions – Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Revenue and Expense Recognition

The Stations receive unconditional promises to give, support from the University, grants, and in-kind contributions. Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restrictions and then released from restriction. Additionally, KOTV, a Tulsa-area television station, donates tower space to the Stations. The

KWGS and KWTU – The University of Tulsa

Notes to Financial Statements

June 30, 2020 and 2019

estimated fair value of this in-kind contribution is recorded as revenue and expense in the period received.

Expenses are reported as decreases in net assets without donor restrictions. The costs of providing the various programs and other activities of the Stations have been summarized on a functional basis in the accompanying statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function, and certain costs have been allocated among the program, management and general, and fundraising categories based on personnel costs, square footage, or other systematic bases.

The University provides direct and indirect administrative support to the Stations. Direct support includes salaries, fringe benefits, and supplies. Indirect support represents services provided by the University, including allocated building space and other administrative services allocated to the Stations based on personnel costs, square footage, or another systematic basis.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding nearly 1,400 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the 2020 CSG General Provisions and Eligibility Criteria as issued on October 1, 2019.

According to the *Communications Act of 1934*, as amended, CSGs may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, CSGs may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of CSGs to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record-keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs without restrictions are reported on the accompanying financial statements as program services: programming and production. The CSGs with restrictions are reported on the accompanying financial statements as increases in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with restrictions and an increase in net assets without restrictions.

During 2020, the Stations also received \$75,000 of Stabilization Funds from CPB. These funds were a result of the *Coronavirus Aid, Recovery, and Economic Security Act* to assist public radio and television stations in sustaining operations and services. This grant is not a CSG.

CSG expenses were \$190,087 and \$101,967 for the years ended June 30, 2020 and 2019, respectively.

Approximately 14% and 9% of all contribution revenue for the years ended June 30, 2020 and 2019, respectively, was representative of CSG funds expended.

KWGS and KWTU – The University of Tulsa
Notes to Financial Statements
June 30, 2020 and 2019

Equity in Pooled Cash

The Stations participate in a cash management pool with the University. The University's cash and cash equivalents are deposited in various financial institutions. The Stations' interest in the pool is shown as equity in pooled cash on the accompanying statements of financial position.

Contributions and Contributions Receivable

Contributions are initially recorded at fair value. Unconditional promises to give are recorded net of an allowance for doubtful receivables estimated based on such factors as prior collections history, types of contributions, and the nature of the fundraising activity. Amounts due in more than one year are recorded at net realizable discounted cash flow using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Gifts of land, buildings, equipment, and other long-lived assets are recorded at their estimated fair value on the date of gift and reported as support without donor restrictions unless explicit donor stipulations specify how or how long the donated assets must be used, in which case the gift is reported as donor-restricted support.

Conditional promises to give are recorded when conditions are substantially met or the likelihood of not meeting the condition is remote.

Property and Equipment

Property and equipment are stated at cost or, if received as a gift, at estimated fair value at the date received less accumulated depreciation. Property and equipment purchases in excess of \$5,000 are capitalized. Depreciation is recognized on a straight-line basis over the estimated useful life of the asset (5 to 10 years).

Income Taxes

The Stations are operated by the University and are not a separate legal entity. The University, including the Stations, is an organization described in Internal Revenue Code Section 501(c)(3) and is exempt from federal and state income taxes under Section 501(a) on income earned from activities related to the exempt purposes of the University. As a result, as long as the University maintains its tax exemption, it will not be subject to income tax.

Concentration

The Stations' cash balance is an allocation of the University's operating accounts, which are held on deposit at various banks. The University has certain concentrations of credit risk with financial institutions in the form of cash and time deposits that exceed Federal Deposit Insurance Corporation insurance limits. Management believes credit risk related to these balances is minimal.

KWGS and KWTU – The University of Tulsa
Notes to Financial Statements
June 30, 2020 and 2019

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

General Litigation

The Stations are subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Stations. Events could occur that would change this estimate materially in the near term.

Subsequent Events

Subsequent events have been evaluated through November 23, 2020, which is the date the financial statements were available to be issued.

Note 2: Contribution Receivable

The contribution receivable at June 30 consists of the following:

	2020		2019	
	Less than 1 Year	1–5 Years	Less than 1 Year	1–5 Years
Unconditional promises	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Less unamortized discount	(120)	-	(120)	(353)
	<u>\$ 4,880</u>	<u>\$ -</u>	<u>\$ 4,880</u>	<u>\$ 4,647</u>

The noncurrent contribution receivable at June 30, 2019, is due in 2021. Contributions have been discounted to estimated present value using a rate of 5%. The contribution receivable in 2020 and 2019 was from one donor.

Note 3: Investments and Endowment Net Assets

At June 30, 2020 and 2019, the fair value of endowment assets consisted of \$37,892 and \$33,124, respectively, of investments. Endowment investments include perpetual endowments included in net assets with donor restrictions.

KWGS and KWTU – The University of Tulsa

Notes to Financial Statements

June 30, 2020 and 2019

The Stations' endowments consist of two donor-restricted individual funds established for operations of the Stations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment investments of the Stations are comingled with the University's endowment funds. The Stations have not adopted an investment or spending policy and are currently operating under the University's policies, as described below.

Interpretation of Relevant Laws

The Stations interpret the *Uniform Prudent Management of Institutional Funds Act of 2006* (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Stations classify amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time-restricted until the governing body appropriates such amounts for expenditures. Most of these net assets are also subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

In accordance with UPMIFA, the Stations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Stations and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Stations
- 7) The investment policies of the Stations

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Stations to retain as a fund of perpetual duration. There were no deficiencies of this nature at June 30, 2020 and 2019.

In accordance with the terms of donor gift instruments, the Stations are permitted to reduce the balance of several restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair value of the original amount of the gift.

KWGS and KWTU – The University of Tulsa
Notes to Financial Statements
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Strategies Employed for Achieving Objectives

Certain of the Stations' external investment managers are authorized to use specified derivative financial instruments in managing the assets under their control, subject to restrictions and limitations adopted by the University's Board of Trustees. From time to time, the managers may enter into forward currency contracts to hedge currency exchange risk on investments in foreign securities and other future contracts to adjust asset allocation for a more efficient portfolio. The managers settle these contracts on a net basis and, accordingly, the cash requirements are substantially less than the contract amounts. Changes in the fair value of the derivative contracts are included in investment income and are not significant for the years ended June 30, 2020 and 2019.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Stations' spending policy has two components. The first component uses the previous year's spending rate and adjusts it for inflation, which is defined as the previous calendar year's Consumer Price Index increase plus 1%. This component is 70% of the calculation. The second component uses the average endowment market value as of September 30 and December 31 of the preceding year and multiplies the result by a fixed percentage. This percentage was 5% for the years ended June 30, 2020 and 2019. The second component is the remaining 30% of the calculation.

In establishing this policy, the Stations considered the long-term expected return on its endowment. Accordingly, over the long term, the Stations expect the current spending policy to allow its endowment to grow at or near the inflation rate, as represented by the Consumer Price Index, before the effect of new gifts. This is consistent with the Stations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts.

The annual withdrawal includes amounts for operations and amounts utilized in accordance with the terms of donor-restricted endowments.

The composition of endowment net assets by type of fund as of June 30 was as follows:

	<u>With Donor Restrictions</u>
2020	
Pure endowment funds	\$ 37,892
2019	
Pure endowment funds	\$ 33,124

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Changes in endowment net assets for the years ended June 30, 2020 and 2019, were:

	<u>With Donor Restrictions</u>
Endowment Net Assets, July 1, 2018	\$ 26,594
Investment return	835
Contributions	<u>5,695</u>
Endowment Net Assets, June 30, 2019	33,124
Investment return	(1,782)
Contributions	<u>6,550</u>
Endowment Net Assets, June 30, 2020	<u><u>\$ 37,892</u></u>

Note 4: Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

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Notes to Financial Statements
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Recurring Measurements

The following table presents the Stations' assets that are measured at fair value on a recurring basis for each hierarchy level as of June 30:

	Total	Fair Value Measurements			Redemption or Liquidation	Days' Notice
		Level 1	Level 2	Level 3		
2020						
Investment in pooled funds	\$ 37,892	\$ -	\$ -	\$ 37,892	N/A	N/A
2019						
Investment in pooled funds	\$ 33,124	\$ -	\$ -	\$ 33,124	N/A	N/A

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2020 and 2019.

Investment in Pooled Funds

The pooled investments included in other assets on the accompanying statements of financial position that are reflected at NAV are directed by the University and consist of various equity securities, fixed income securities, private equities, and hedge funds. Due to the nature of the valuation inputs, the investment in pooled funds is classified within Level 3 of the hierarchy.

Note 5: Property and Equipment

Property and equipment at June 30 consists of:

	2020	2019
Equipment	\$ 843,360	\$ 843,360
Less accumulated depreciation	745,022	716,626
	<u>\$ 98,338</u>	<u>\$ 126,734</u>

Note 6: Postretirement Benefit Plan

The Stations' employees participate in the University's postretirement benefit plan, which allows employees meeting age and service requirements to receive postretirement benefits in the form of unsecured coverage for themselves and their dependents until they reach the age of 70. The postretirement benefit accrual of \$56,397 and \$45,019 represents an allocation based on the Stations' employees' compensation to total University employees' compensation as of June 30, 2020 and 2019, respectively, and is included in accounts payable and accrued liabilities on the

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accompanying statements of financial position. The Stations recorded postretirement benefit expense of \$41,161 and \$22,882 for the years ended June 30, 2020 and 2019, respectively.

Note 7: Commitments and Contingencies

The Stations conduct certain programs pursuant to grants and contracts, which are subject to audit by various outside agencies. Amounts questioned as a result of audits, if any, may result in reimbursements to these agencies. Management believes that amounts questioned, if any, will be immaterial.

As a result of the spread of COVID-19, economic uncertainties have arisen that may negatively affect the financial position, results of operations, and cash flows of the Stations. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 8: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Restricted for time or purpose	\$ 5,088	\$ 32,168
Perpetual	<u>37,079</u>	<u>30,529</u>
Total net assets with donor restrictions	<u>\$ 42,167</u>	<u>\$ 62,697</u>

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 are designated for the following purposes:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 634,084	\$ 569,854
Designated by the Board for operating reserve	<u>221,403</u>	<u>72,637</u>
Total net assets without donor restrictions	<u>\$ 855,487</u>	<u>\$ 642,491</u>

KWGS and KWTU – The University of Tulsa
Notes to Financial Statements
June 30, 2020 and 2019

Note 9: Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions or designations limiting their use, within one year of June 30, 2020 and 2019, comprise the following:

	2020	2019
Total financial assets	\$ 820,021	\$ 592,762
Externally imposed restrictions		
Endowment investments	37,892	33,124
Other purpose restrictions	4,275	4,082
Restricted CPB funds	-	25,491
Total financial assets available to meet cash needs for general expenditures within one year	\$ 777,854	\$ 530,065

Although the Board of Trustees of the University designates funds for specific purposes, these amounts could be made available for general expenditures if necessary.

The University does not have a formal liquidity policy. However, the University forecasts and monitors its future cash flows on a monthly basis in order to ensure continued prudent levels of liquidity.