

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity
Licensed to Texas Tech University)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)

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INDEPENDENT AUDITOR'S REPORT

Texas Tech University System Board of Regents
Lubbock, Texas:

We have audited the accompanying financial statements of Texas Tech Public Broadcasting (A Public Telecommunications Entity Licensed to Texas Tech University) as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Texas Tech Public Broadcasting's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We conducted our audit 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 Texas Tech Public Broadcasting as of August 31, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 5 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 that collectively comprise Texas Tech Public Broadcasting's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
January 27, 2015

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

Introduction and Reporting Entity

The following discussion and analysis is an overview of the financial position and activities of Texas Tech Public Broadcasting for the years ended August 31, 2014 and 2013. Management of Texas Tech Public Broadcasting has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

Texas Tech Public Broadcasting is a licensee of Texas Tech University (the University) and is governed by the University's Board of Regents. Texas Tech Public Broadcasting's primary functions are to establish and promote noncommercial educational telecommunications facilities in the South Plains area of Texas and Eastern New Mexico as well as the Concho Valley area of Texas. Texas Tech Public Broadcasting includes a television station, formerly operated as KTXT-TV, and two radio stations, previously operated as Texas Tech Public Media.

Television

Texas Tech University is the licensee of the only public television station in Lubbock – KTTZ-TV. This station primarily broadcasts PBS programming, including at least 50 hours of children's programming each week. The signal reaches over 396,000 potential viewers in 158,360 television households in the South Plains area of Texas and Eastern New Mexico, and out of that number approximately 35,000 households watch each week. Contributing membership consists of approximately 1,200 households.

Radio

The original radio station – KTTZ-FM – was founded in 1988 and now broadcasts 24 hours daily, serving over 21,000 listeners per week with an approximate 60-mile coverage radius from Lubbock, Texas. In 2007, the station became the first HD radio station in the South Plains area and began streaming two additional music channels. This important upgrade has provided the station the opportunity to multicast by adding more stations to its existing frequency.

In July 2010, Texas Tech University purchased KUTX-FM in San Angelo from The University of Texas. The call letters were changed to KNCH-FM, and the operations were transferred to Texas Tech Public Broadcasting.

Overview of the Financial Statements

The financial statements of Texas Tech Public Broadcasting consist of the Statements of Net Position, the Statements of Revenue, Expenses and Changes in Fund Net Position, and the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board Statement (GASBS) No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.

GASBS 35 requires the classification of net position into three categories – investment in capital assets, restricted, and unrestricted.

The Statements of Net Position include assets, liabilities and net position of Texas Tech Public Broadcasting as of August 31, 2014 and 2013. These statements are classified into current and non-current assets and liabilities, with net position classified in the categories as noted above. The Statements of Revenues, Expenses and Changes in Fund Net Position depict the operating revenues and expenses resulting in net operating income, which is then combined with non-operating revenues to provide the total change in net position. The Statements of Cash Flows show the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

TEXAS TECH PUBLIC BROADCASTING
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

Financial Highlights

The financial position of Texas Tech Public Broadcasting remains strong. Net position totaled \$4,098,986 and \$4,131,833 at August 31, 2014 and 2013, respectively. Net position decreased by \$32,847 and \$291,957, respectively. Operating revenues totaled \$2,714,587 for fiscal year 2014 compared to \$2,316,833 for fiscal year 2013, an increase of \$397,754. Operating expenses totaled \$2,756,598 for fiscal year 2014 compared to \$2,621,660 for fiscal year 2013, an increase of \$134,938. Non-operating revenue includes interest income.

Texas Tech Public Broadcasting's capital assets, net of accumulated depreciation, totaled \$1,752,913 and \$1,948,623 at August 31, 2014 and 2013, respectively. Capital asset additions totaled \$133,748 and \$51,165 in fiscal year 2014 and 2013, respectively.

Condensed Statements of Net Position

	2014	2013
Current assets	\$ 2,543,292	\$ 2,294,696
Capital assets, net	<u>1,752,913</u>	<u>1,948,623</u>
 Total assets	 <u>\$ 4,296,205</u>	 <u>\$ 4,243,319</u>
 Current liabilities	 <u>\$ 197,219</u>	 <u>\$ 111,486</u>
 Investment in capital assets	 1,752,913	 1,948,623
Restricted	198,249	112,883
Unrestricted	<u>2,147,824</u>	<u>2,070,327</u>
Total net position	<u>4,098,986</u>	<u>4,131,833</u>
 Total liabilities and net position	 <u>\$ 4,296,205</u>	 <u>\$ 4,243,319</u>

Current assets consist primarily of cash and accounts receivable. Capital assets are presented net of accumulated depreciation of \$5,463,891 and \$5,152,903 at August 31, 2014 and 2013, respectively. Current liabilities consist of accounts payable and unearned revenue.

TEXAS TECH PUBLIC BROADCASTING
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013**

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

	2014	2013
Operating revenues	\$ 2,714,587	\$ 2,316,833
Operating expenses	<u>2,756,598</u>	<u>2,621,660</u>
Operating loss	(42,011)	(304,827)
Non-operating revenue	<u>9,164</u>	<u>12,870</u>
Change in net position	(32,847)	(291,957)
Net position, beginning of year	<u>4,131,833</u>	<u>4,423,790</u>
Net position, end of year	<u><u>\$ 4,098,986</u></u>	<u><u>\$ 4,131,833</u></u>

Operating revenues consist primarily of contributions, grants from the Corporation for Public Broadcasting, and donated support from Texas Tech University. Operating expenses consist primarily of programming and production and broadcasting expenses.

Condensed Statements of Cash Flows

	2014	2013
Net cash flows from operating activities	\$ 348,225	\$ 128,244
Net cash flows from investing activities	9,164	12,870
Net cash flows from capital and related financing activities	<u>(133,748)</u>	<u>(51,165)</u>
Change in cash and cash equivalents	223,641	89,949
Cash and cash equivalents, beginning of year	<u>2,173,942</u>	<u>2,083,993</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,397,583</u></u>	<u><u>\$ 2,173,942</u></u>

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of Texas Tech Public Broadcasting's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

General Manager
Texas Tech Public Broadcasting
P.O. Box 42161
Lubbock, TX 79409

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)
STATEMENTS OF NET POSITION
AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,397,583	\$ 2,173,942
Accounts receivable	96,340	64,113
Prepaid expenses	<u>49,369</u>	<u>56,641</u>
Total current assets	<u>2,543,292</u>	<u>2,294,696</u>
Capital assets, at cost		
Building	623,700	623,700
Transmitter, antenna and tower	2,473,420	2,453,159
Broadcasting and production equipment	4,042,476	3,943,506
Furniture and fixtures	<u>77,208</u>	<u>81,161</u>
	7,216,804	7,101,526
Less: Accumulated depreciation	<u>(5,463,891)</u>	<u>(5,152,903)</u>
Capital assets, net	<u>1,752,913</u>	<u>1,948,623</u>
TOTAL ASSETS	<u><u>\$ 4,296,205</u></u>	<u><u>\$ 4,243,319</u></u>
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued liabilities	\$ 96,903	\$ 76,763
Unearned revenue	<u>100,316</u>	<u>34,723</u>
Total current liabilities	<u>197,219</u>	<u>111,486</u>
Net position		
Investment in capital assets	1,752,913	1,948,623
Restricted	198,249	112,883
Unrestricted	<u>2,147,824</u>	<u>2,070,327</u>
Total net position	<u>4,098,986</u>	<u>4,131,833</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,296,205</u></u>	<u><u>\$ 4,243,319</u></u>

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

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Contributions	\$ 226,722	\$ 218,401
Grants from the Corporation for Public Broadcasting	841,254	803,594
Donated support from Texas Tech University		
Direct administrative support	704,087	480,318
Indirect administrative support	237,328	205,571
Donated materials and services	2,500	28,546
Other grants	250,700	223,000
Business contributions and underwriting	394,133	317,742
Miscellaneous income	57,863	39,661
Total operating revenues	<u>2,714,587</u>	<u>2,316,833</u>
OPERATING EXPENSES		
Program services		
Programming and production	1,128,054	1,149,090
Broadcasting	718,565	747,417
Program information	63,846	24,936
	<u>1,910,465</u>	<u>1,921,443</u>
Supporting services		
Management and general	554,703	430,002
Fund raising and membership development	291,430	270,215
	<u>846,133</u>	<u>700,217</u>
Total operating expenses	<u>2,756,598</u>	<u>2,621,660</u>
OPERATING LOSS	(42,011)	(304,827)
NON-OPERATING REVENUE (EXPENSES)		
Interest income	<u>9,164</u>	<u>12,870</u>
CHANGE IN NET POSITION	(32,847)	(291,957)
NET POSITION, BEGINNING OF YEAR	<u>4,131,833</u>	<u>4,423,790</u>
NET POSITION, END OF YEAR	<u>\$ 4,098,986</u>	<u>\$ 4,131,833</u>

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

TEXAS TECH PUBLIC BROADCASTING
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STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributors, grants, and underwriters	\$ 2,743,829	\$ 2,286,537
Other receipts	4,124	7,061
Payments to employees	(899,170)	(734,491)
Payments to suppliers	(1,305,039)	(1,274,436)
Payments for employee benefits	(195,519)	(156,427)
Net cash provided by operating activities	<u>348,225</u>	<u>128,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and cash equivalents	<u>9,164</u>	<u>12,870</u>
Net cash provided by investing activities	<u>9,164</u>	<u>12,870</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(133,748)</u>	<u>(51,165)</u>
Net cash used in capital and related financing activities	<u>(133,748)</u>	<u>(51,165)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	223,641	89,949
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,173,942</u>	<u>2,083,993</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,397,583</u></u>	<u><u>\$ 2,173,942</u></u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	\$ <u>(42,011)</u>	\$ <u>(304,827)</u>
Adjustments to reconcile income from operations to net cash from operating activities:		
Depreciation	329,458	462,168
Loss on disposal of capital assets	-	2,911
Net change in:		
Accounts receivable	(32,227)	(17,275)
Prepaid expenses	7,272	15,085
Accounts payable and accrued liabilities	20,140	(23,858)
Unearned revenue	65,593	(5,960)
Total adjustments	<u>390,236</u>	<u>433,071</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 348,225</u></u>	<u><u>\$ 128,244</u></u>

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

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)

NOTES TO FINANCIAL STATEMENTS

NOTE 1: *NATURE OF ORGANIZATION*

Organization

Texas Tech Public Broadcasting is a public telecommunications entity licensed through the Federal Communications Commission to Texas Tech University in Lubbock, Texas and provides public television and radio to the South Plains area of Texas and Eastern New Mexico as well as the Concho Valley area of Texas. Accordingly, Texas Tech Public Broadcasting's financial activity is incorporated into the financial statements of the University, which is included in the Comprehensive Annual Financial Report of the State of Texas. The University is a state-supported school, created by the Legislature of the State of Texas. As such, it is a subdivision of the State of Texas and is tax-exempt under Section 115 of the Internal Revenue Code.

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Basis of Accounting

Texas Tech Public Broadcasting's financial records are maintained in a manner consistent with guidelines set by the Corporation for Public Broadcasting (CPB). These guidelines are in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

The University adopted GASB Statement (GASBS) No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASBS 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Note Disclosures. Accordingly, Texas Tech Public Broadcasting has been required to comply with certain provisions of these statements that establish standards for external reporting for state and local governments and require that resources be classified for accounting and reporting purposes in the following four net position categories:

- Investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed stipulations that Texas Tech Public Broadcasting maintains permanently. Texas Tech Public Broadcasting does not have any restricted nonexpendable net position.

Expendable – Net position whose use by Texas Tech Public Broadcasting is subject to externally imposed stipulations that can be fulfilled by actions of Texas Tech Public Broadcasting pursuant to those stipulations or that expire by the passage of time. Restricted net position were \$198,249 and \$112,882 as of August 31, 2014 and 2013, respectively. The net position is restricted for purchases of property and equipment.

TEXAS TECH PUBLIC BROADCASTING
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NOTES TO FINANCIAL STATEMENTS

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

- Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of Texas Tech Public Broadcasting’s management or may otherwise be limited by contractual agreements with outside parties.

In accordance with GASBS 35, as amended, entities that have heretofore reported using the AICPA not-for-profit model, as defined in GASBS 29, may use enterprise fund accounting and financial reporting as a business type activity. As such an entity, Texas Tech Public Broadcasting’s activities are reported similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by Texas Tech Public Broadcasting are described below.

Revenue Recognition

Contributions and grants that are unrestricted are recorded as support when the cash is received. Unrestricted pledges for future contributions are not recorded. Pledges from local businesses and individuals to finance specific programs are recorded and reported on the statement of net position as unearned revenues until the programs are broadcast. At such time, the amounts are included in revenues. Texas Tech Public Broadcasting distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from activities performed in connection with Texas Tech Public Broadcasting’s purpose as stated above. All revenues and expenses not meeting this definition are reported as non-operating.

Grants received from the CPB are recorded as revenue when the funds are received. Contributions and grants restricted for specific uses are reported on the accompanying statement of net position as restricted net position until the funds are expended.

When both restricted and unrestricted resources are available for use, it is Texas Tech Public Broadcasting’s policy to use restricted resources first, then unrestricted resources as they are needed.

Accounts Receivable

Accounts receivable consist of uncollected pledged contributions from local businesses and individuals to finance specific programs and restricted grant funds uncollected at year-end. All amounts considered uncollectible have been written off.

TEXAS TECH PUBLIC BROADCASTING
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NOTES TO FINANCIAL STATEMENTS

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

Capital Assets

Capital asset is defined as an asset with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are carried at cost, or in the case of donated assets, at estimated fair market value at date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When property and equipment are retired or otherwise disposed of, the carrying value and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations for the period. For capital assets acquired through federally funded grants, the respective federal agency retains liens on these assets for a period of ten years. At August 31, 2014 and 2013, the net book value of this property was \$357,120 and \$509,995, respectively.

In-kind Contributions

In-kind contributions are recorded as support and expense in the accompanying financial statements. In-kind contributions consist of various materials, property, and professional services donated for the benefit of Texas Tech Public Broadcasting. These donations are recorded at fair market value. The CPB no longer considers the personal services of volunteers in their determination of nonfederal financial support; therefore, these services are excluded from the financial statements.

Donated facilities and administrative support have been computed in accordance with guidelines established by the CPB and consist of the following for the years ended August 31, 2014 and 2013:

	2014	2013
Direct administrative support	\$ 704,087	\$ 480,318
Institutional support	211,018	178,973
Physical plant operations	11,926	12,214
Occupancy	14,384	14,384
	<u>\$ 941,415</u>	<u>\$ 685,889</u>

Cash and Cash Equivalents

Texas Tech Public Broadcasting's cash is held by the University in a pooled cash account that is managed by the University. Included in the pooled account are demand deposits in banks, local funds held by the state, state reimbursements in transit, repurchase agreements, Texpool and TexSTAR investments. These are considered cash equivalents. Interest income is allocated to Texas Tech Public Broadcasting on a quarterly basis.

TEXAS TECH PUBLIC BROADCASTING
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NOTES TO FINANCIAL STATEMENTS

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

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, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: *CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS*

The CPB is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. The CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

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

Certain *General Provisions* must be satisfied in connection with application for and use of the grants 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.

TEXAS TECH PUBLIC BROADCASTING
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NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital asset activity and useful lives of assets for the years ended August 31, 2014 and 2013 are summarized below:

	Life	Balance August 31, 2013	Additions	Retirements	Balance August 31, 2014
Building	40 yrs	\$ 623,700	\$ -	\$ -	\$ 623,700
Tower, transmitter and antenna equipment	10-20 yrs	2,453,159	20,261	-	2,473,420
Broadcasting and production equipment	3-10 yrs	3,943,506	113,487	(14,517)	4,042,476
Furniture and fixtures	3-10 yrs	81,161	-	(3,953)	77,208
Depreciable assets, at cost		7,101,526	133,748	(18,470)	7,216,804
Accumulated depreciation		(5,152,903)	(329,458)	18,470	(5,463,891)
Depreciable assets, net		<u>\$ 1,948,623</u>	<u>\$ (195,710)</u>	<u>\$ -</u>	<u>\$ 1,752,913</u>

	Life	Balance August 31, 2012	Additions	Retirements	Balance August 31, 2013
Building	40 yrs	\$ 623,700	\$ -	\$ -	\$ 623,700
Tower, transmitter and antenna equipment	10-20 yrs	2,475,939	-	(22,780)	2,453,159
Broadcasting and production equipment	3-10 yrs	3,903,529	51,165	(11,188)	3,943,506
Furniture and fixtures	3-10 yrs	85,433	-	(4,272)	81,161
Depreciable assets, at cost		7,088,601	51,165	(38,240)	7,101,526
Accumulated depreciation		(4,726,064)	(462,168)	35,329	(5,152,903)
Depreciable assets, net		<u>\$ 2,362,537</u>	<u>\$ (411,003)</u>	<u>\$ (2,911)</u>	<u>\$ 1,948,623</u>

NOTE 5: RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for its employees of which substantially all of Texas Tech Public Broadcasting's employees are participants. The primary plan is a defined benefit plan administered by the Teacher Retirement System of Texas (System). The System is a cost-sharing, multi-employer public employee retirement system. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123. The contributory percentage of participant salaries provided by the University was 6.0% for August 31, 2014 and 2013. Each participant contributed 6.4% of annual compensation for both years.

TEXAS TECH PUBLIC BROADCASTING
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NOTES TO FINANCIAL STATEMENTS

NOTE 5: *RETIREMENT PLANS – continued*

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System of Texas. This optional retirement plan (which is a defined contribution plan) is available for certain full-time faculty, executive management, professional and administrative employees. The contributory percentage of participant salaries provided by the University was 6.0% for August 31, 2014 and 2013. Each participant contributed 6.65% of annual compensation for both years.

During the years ended August 31, 2014 and 2013, the University contributed \$55,307 and \$41,080 to the plans, respectively, on behalf of Texas Tech Public Broadcasting employees.

NOTE 6: *RECONCILIATION OF FINANCIAL STATEMENTS TO CPB REPORT*

TELEVISION

	2014	2013
Revenue per audited financial statements	\$ 1,893,724	\$ 1,528,444
In-kind contributions	(2,500)	(21,042)
Indirect administrative support from Texas Tech University	(171,565)	(149,981)
Underwriting bad debt expense	(35,885)	-
Revenue per CPB report, Schedule A, Line 21	<u>\$ 1,683,774</u>	<u>\$ 1,357,421</u>
Expenses per audited financial statements	\$ 1,999,334	\$ 1,958,056
Cost of capital assets	104,321	42,670
Expenditures per CPB report, Schedule E, Line 10	<u>\$ 2,103,655</u>	<u>\$ 2,000,726</u>

RADIO

	2014	2013
Revenue per audited financial statements	\$ 830,027	\$ 801,259
In-kind contributions	-	(7,504)
Indirect administrative support from Texas Tech University	(65,763)	(55,590)
Revenue per CPB report, Schedule A, Line 21	<u>\$ 764,264</u>	<u>\$ 738,165</u>
Expenses per audited financial statements	\$ 757,264	\$ 663,604
Cost of capital assets	29,427	8,495
Expenditures per CPB report, Schedule E, Line 10	<u>\$ 786,691</u>	<u>\$ 672,099</u>

SUPPLEMENTAL INFORMATION

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF NET POSITION
AUGUST 31, 2014 and 2013

	Television		Radio		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
ASSETS						
Cash and cash equivalents	\$ 1,690,163	\$ 1,605,839	\$ 707,420	\$ 568,103	\$ 2,397,583	\$ 2,173,942
Accounts receivable	64,057	40,003	32,283	24,110	96,340	64,113
Prepaid expenses	40,394	22,645	8,975	33,996	49,369	56,641
Total current assets	1,794,614	1,668,487	748,678	626,209	2,543,292	2,294,696
Capital assets, at cost						
Building	623,700	623,700	-	-	623,700	623,700
Transmitter, antenna and tower	1,919,484	1,919,484	553,936	533,675	2,473,420	2,453,159
Broadcasting and production equipment	3,842,802	3,739,551	199,674	203,955	4,042,476	3,943,506
Furniture and fixtures	74,538	78,491	2,670	2,670	77,208	81,161
	6,460,524	6,361,226	756,280	740,300	7,216,804	7,101,526
Less: Accumulated depreciation	(4,987,581)	(4,708,802)	(476,310)	(444,101)	(5,463,891)	(5,152,903)
Capital assets, net	1,472,943	1,652,424	279,970	296,199	1,752,913	1,948,623
TOTAL ASSETS	\$ 3,267,557	\$ 3,320,911	\$ 1,028,648	\$ 922,408	\$ 4,296,205	\$ 4,243,319
LIABILITIES AND NET POSITION						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 73,792	\$ 65,951	\$ 23,111	\$ 10,812	\$ 96,903	\$ 76,763
Unearned revenue	60,557	16,142	39,759	18,581	100,316	34,723
Total current liabilities	134,349	82,093	62,870	29,393	197,219	111,486
NET POSITION						
Investment in capital assets	1,472,943	1,652,424	279,970	296,199	1,752,913	1,948,623
Restricted	156,548	95,072	41,701	17,811	198,249	112,883
Unrestricted	1,503,717	1,491,322	644,107	579,005	2,147,824	2,070,327
Total net position	3,133,208	3,238,818	965,778	893,015	4,098,986	4,131,833
TOTAL LIABILITIES AND NET POSITION	\$ 3,267,557	\$ 3,320,911	\$ 1,028,648	\$ 922,408	\$ 4,296,205	\$ 4,243,319

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED AUGUST 31, 2014 AND 2013

	Television		Radio		Total	
	2014	2013	2014	2013	2014	2013
OPERATING REVENUES						
Contributions	\$ 134,169	\$ 108,535	\$ 92,553	\$ 109,866	\$ 226,722	\$ 218,401
Grants from the CPB	698,553	673,812	142,701	129,782	841,254	803,594
Donated support from the University						
Direct administrative support	531,575	271,192	172,512	209,126	704,087	480,318
Indirect administrative support	171,565	149,981	65,763	55,590	237,328	205,571
Donated materials & services-in-kind	2,500	21,042	-	7,504	2,500	28,546
Other grants	35,000	60,000	215,700	163,000	250,700	223,000
Business contributions and underwriting	259,778	200,853	134,355	116,889	394,133	317,742
Miscellaneous income	53,739	32,600	4,124	7,061	57,863	39,661
Total operating revenues	<u>1,886,879</u>	<u>1,518,015</u>	<u>827,708</u>	<u>798,818</u>	<u>2,714,587</u>	<u>2,316,833</u>
OPERATING EXPENSES						
Program services						
Programming and production	800,242	829,444	327,812	319,646	1,128,054	1,149,090
Broadcasting	553,063	659,479	165,502	87,938	718,565	747,417
Program information	41,564	19,810	22,282	5,126	63,846	24,936
	<u>1,394,869</u>	<u>1,508,733</u>	<u>515,596</u>	<u>412,710</u>	<u>1,910,465</u>	<u>1,921,443</u>
Supporting services						
Management and general	408,929	303,040	145,774	126,962	554,703	430,002
Fund raising & membership development	195,536	146,283	95,894	123,932	291,430	270,215
	<u>604,465</u>	<u>449,323</u>	<u>241,668</u>	<u>250,894</u>	<u>846,133</u>	<u>700,217</u>
Total operating expenses	<u>1,999,334</u>	<u>1,958,056</u>	<u>757,264</u>	<u>663,604</u>	<u>2,756,598</u>	<u>2,621,660</u>
OPERATING (LOSS) INCOME	(112,455)	(440,041)	70,444	135,214	(42,011)	(304,827)
NON-OPERATING REVENUE						
Interest income	<u>6,845</u>	<u>10,429</u>	<u>2,319</u>	<u>2,441</u>	<u>9,164</u>	<u>12,870</u>
CHANGE IN NET POSITION	(105,610)	(429,612)	72,763	137,655	(32,847)	(291,957)
NET POSITION, BEGINNING OF YEAR	<u>3,238,818</u>	<u>3,668,430</u>	<u>893,015</u>	<u>755,360</u>	<u>4,131,833</u>	<u>4,423,790</u>
NET POSITION, END OF YEAR	<u>\$ 3,133,208</u>	<u>\$ 3,238,818</u>	<u>\$ 965,778</u>	<u>\$ 893,015</u>	<u>\$ 4,098,986</u>	<u>\$ 4,131,833</u>

TEXAS TECH PUBLIC BROADCASTING
(A Public Telecommunications Entity Licensed to Texas Tech University)
COMBINING STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2014 AND 2013

	Television		Radio		Total	
	2014	2013	2014	2013	2014	2013
CASH FLOWS - OPERATING ACTIVITIES						
Receipts from contributors, grants, & underwriters	\$ 1,907,240	\$ 1,479,893	\$ 836,589	\$ 806,644	\$ 2,743,829	\$ 2,286,537
Other receipts	-	-	4,124	7,061	4,124	7,061
Payments to employees	(561,109)	(468,557)	(338,061)	(265,934)	(899,170)	(734,491)
Payments to suppliers	(968,812)	(914,918)	(336,227)	(359,518)	(1,305,039)	(1,274,436)
Payments for employee benefits	(195,519)	(156,427)	-	-	(195,519)	(156,427)
Net cash provided by operating activities	181,800	(60,009)	166,425	188,253	348,225	128,244
CASH FLOWS - INVESTING ACTIVITIES						
Interest received	6,845	10,429	2,319	2,441	9,164	12,870
Net cash provided by investing activities	6,845	10,429	2,319	2,441	9,164	12,870
CASH FLOWS - CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(104,321)	(42,670)	(29,427)	(8,495)	(133,748)	(51,165)
Net cash used in capital and related financing activities	(104,321)	(42,670)	(29,427)	(8,495)	(133,748)	(51,165)
NET CHANGE IN CASH & CASH EQUIVALENTS	84,324	(92,250)	139,317	182,199	223,641	89,949
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,605,839	1,698,089	568,103	385,904	2,173,942	2,083,993
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,690,163	\$ 1,605,839	\$ 707,420	\$ 568,103	\$ 2,397,583	\$ 2,173,942
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ (112,455)	\$ (440,041)	\$ 70,444	\$ 135,214	\$ (42,011)	\$ (304,827)
Adjustments to reconcile income from operations to net cash from operating activities						
Depreciation	283,802	413,322	45,656	48,846	329,458	462,168
Loss on disposal of capital assets	-	-	-	2,911	-	2,911
Net change in:						
Accounts receivable	(24,054)	(30,618)	(8,173)	13,343	(32,227)	(17,275)
Prepaid expenses	(17,749)	17,811	25,021	(2,726)	7,272	15,085
Accounts payable & accrued liabilities	7,841	(12,979)	12,299	(10,879)	20,140	(23,858)
Unearned revenue	44,415	(7,504)	21,178	1,544	65,593	(5,960)
Total adjustments	294,255	380,032	95,981	53,039	390,236	433,071
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 181,800	\$ (60,009)	\$ 166,425	\$ 188,253	\$ 348,225	\$ 128,244