

**KDAQ-FM, KLSA-FM, KBSA-FM,
KLDN-FM, AND KTYK-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
JUNE 30, 2021**

KDAQ-FM, KLSA-FM, KBSA-FM,
KLDN-FM, AND KTYK-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
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KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS

JUNE 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Red River Radio Network's (the Network) financial performance provides an overview of the Network's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Network's financial statements.

Financial Highlights

The Network's net assets increased by \$89,177 or 13% of the beginning value of the station's net assets, during the year ended June 30, 2021.

Using the Annual Report

This annual report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion & Analysis provides a narrative of the Network's financial performance and activities for the year ended June 30, 2021. The basic financial statements provide readers with a broad view of the Network's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The Statement of Financial Position presents information on all of the Network's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Network is improving or deteriorating.
- The Statement of Activities presents information showing how the Network's net assets changed during the most recent fiscal 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. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- The Statement of Cash Flows presents information how the Network's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

Financial Analysis of the Network as a Whole

A summary of net assets is presented below:

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Current and other assets	3,773	5,663	(33%)
Capital assets, net of depreciation	<u>918,900</u>	<u>960,000</u>	(4%)
Total assets	922,673	965,663	(4%)
Current liabilities	75,159	213,760	(65%)
Noncurrent liabilities	<u>67,886</u>	<u>61,452</u>	10%
Total liabilities	143,045	275,212	(48%)
Net assets without donor restrictions	776,470	684,788	13%
Net assets with donor restrictions	<u>3,158</u>	<u>5,663</u>	(44%)
Total net assets	<u><u>779,628</u></u>	<u><u>690,451</u></u>	13%

Capital assets represent the Network's long term investment in capital assets, net of accumulated depreciation, and are not available for current operations.

Non-Current Liabilities

The Network's non-current liabilities consist of accrued compensated absences for annual and sick leave payable which increased by \$6,434 during the fiscal year, from \$61,452 at the beginning of the year to \$67,886 at the end of the year.

A summary of changes in net assets is presented below:

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Operating revenues (memberships, underwriting, lease agreements, non capital grants)	<u>1,058,549</u>	<u>1,202,747</u>	(12%)
Total revenues	1,058,549	1,202,747	(12%)
Operating expenses			
Depreciation	41,100	41,100	0%
Other	<u>928,272</u>	<u>952,182</u>	(3%)
Total expenses	969,372	993,282	(2%)
Change in net assets	<u><u>89,177</u></u>	<u><u>209,465</u></u>	(57%)

Other Currently Known Facts, Decisions, or Conditions

The network has now been operating for over 36 years and indications are that audience numbers remain steady. We celebrate our 37th anniversary in December of 2021.

KTYK, our newest station serving the Tyler/Kilgore areas, had its transmitter damaged in the spring. The manufacturer was unable to get parts, as the microprocessor shortage affecting the United States also affected transmitter suppliers. However, thanks to a donor, we were able to buy a new state of the art transmitter to serve that area.

The new antenna in Lufkin was damaged in the same series of storms that affected Tyler. We were able to rush a tower crew from the Carolinas to Lufkin to affect repairs. Since the repairs, the site has been operating well and we are awaiting insurance reimbursement for costs.

We are also still waiting for most of the reimbursement for the qualified purchases from the previous years' restacking work at our Shreveport site and expect that the FCC will reimburse us during the upcoming (FY22) year. They have been extremely slow in processing these reimbursements. We've received about 25% of the funds due to us.

Locally produced shows or features now include 15 individual programming elements and our local content continues to grow our audience. Our social media coverage and online analytics are stronger than ever, with hundreds of people listening across the country on a weekly basis, in addition to our 150,000 regular radio listeners in our region.

We completed our partnership with One Small Step and StoryCorps. Given its success, StoryCorps has continued their residency for an additional year.

Future improvement projects still include back-up power systems in El Dorado and Lufkin. We are still seeking funding for this. Due to frequent power issues in the Lufkin area, in particular, we are looking at ways of stabilizing this and preventing future damage to the transmitter there.

Contacting the Network's Financial Management

This financial report is designed to provide a general overview of the Network's accountability for the money it receives. If you have questions about this report or you need additional information, please contact the Red River Radio Network at Louisiana State University in Shreveport, One University Place, Shreveport, Louisiana.

AUDITED FINANCIAL STATEMENTS



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December 28, 2021

Louisiana State University in Shreveport
State of Louisiana
Shreveport, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, a public telecommunications entity operated by Louisiana State University in Shreveport, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended (with summarized totals for 2020), and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Network's 2020 financial statements and, in our report dated December 18, 2020, we expressed an unmodified opinion on those 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As described in Note 1, the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, are intended to present the financial position, changes in net assets, and cash flows on only that portion of the funds of Louisiana State University in Shreveport that is attributable to the transactions of the radio stations.

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 Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on pages i-iii and Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 16 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 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2021, on our consideration of the Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Radio Station's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated by
Louisiana State University in Shreveport

Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

Statement A

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>ASSETS</u>				
<u>Current assets:</u>				
Cash and cash equivalents	-	3,773	3,773	3,963
Prepays	-	-	-	1,700
Total current assets	-	3,773	3,773	5,663
<u>Property and equipment:</u>				
Building improvements (net of accumulated depreciation)	870,658	-	870,658	897,031
Equipment (net of accumulated depreciation)	48,242	-	48,242	62,969
Total property and equipment	918,900	-	918,900	960,000
Total assets	918,900	3,773	922,673	965,663
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities:</u>				
Accounts payable	74,544	615	75,159	213,760
Total current liabilities	74,544	615	75,159	213,760
<u>Long-term liabilities:</u>				
Accrued sick and annual leave payable	67,886	-	67,886	61,452
Total long-term liabilities	67,886	-	67,886	61,452
Total liabilities	142,430	615	143,045	275,212
<u>Net assets:</u>				
Without donor restrictions	776,470	-	776,470	684,788
With donor restrictions	-	3,158	3,158	5,663
Total net assets	776,470	3,158	779,628	690,451
Total liabilities and net assets	918,900	3,773	922,673	965,663

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

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated by
Louisiana State University in Shreveport

Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

Statement B

	2021			2020
	Operating Funds			Total
	Without Donor	With Donor	Total	
	Restrictions	Restrictions	Total	(Summarized)
<u>Revenues, gains, and other support:</u>				
Contributions	391,676	2,400	394,076	367,311
Contribution-LSU Shreveport	-	-	-	357,984
Underwriting	103,326	-	103,326	103,404
Corporation for Public Broadcasting:				
Community service grant-general	-	92,832	92,832	92,708
National program production and acquisition grant	-	34,283	34,283	33,718
RLAIF grant	-	23,424	23,424	23,360
American Rescue Plan Act Stabilization	-	210,157	210,157	-
CARES Act fiscal stabilization grant	-	-	-	112,136
Community Foundation support	-	50,000	50,000	-
Other private foundations grants	84,996	-	84,996	68,617
In-kind contributions	2,437	-	2,437	4,811
Advertising barter contributions	31,712	-	31,712	29,038
Lease agreements	31,306	-	31,306	9,660
Total revenues, gains and other support	645,453	413,096	1,058,549	1,202,747
<u>Net assets released from restrictions</u>	415,601	(415,601)	-	-
<u>Expenses:</u>				
Program services-				
Programming and production	220,446	-	220,446	220,712
Broadcasting	244,937	-	244,937	257,856
Program information and promotion	22,642	-	22,642	21,195
Total program expenses	488,025	-	488,025	499,763
Supporting services-				
Management and general	347,590	-	347,590	355,871
Fundraising and membership development	63,659	-	63,659	67,621
Underwriting and grant solicitation	28,998	-	28,998	28,927
Total supporting expenses	440,247	-	440,247	452,419
Total expenses	928,272	-	928,272	952,182

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

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated by
Louisiana State University in Shreveport

Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

Statement B

	2021			2020
	Operating Funds			Total
	Without Donor Restrictions	With Donor Restrictions	Total	
				(Summarized)
<u>Change in net assets before capital depreciation</u>	132,782	(2,505)	130,277	250,565
<u>Capital Depreciation</u>	(41,100)	-	(41,100)	(41,100)
<u>Change in net assets after capital depreciation</u>	91,682	(2,505)	89,177	209,465
<u>Net assets, beginning of year</u>	684,788	5,663	690,451	480,986
<u>Net assets, end of year</u>	<u>776,470</u>	<u>3,158</u>	<u>779,628</u>	<u>690,451</u>

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

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated by
Louisiana State University in Shreveport

Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

Statement C

	2021			2020
	Operating Funds			Total
	Without Donor	With Donor	Total	
	Restrictions	Restrictions	Total	(Summarized)
<u>Cash flows from operating activities:</u>				
Change in net assets	91,682	(2,505)	89,177	209,465
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation expense	41,100	-	41,100	41,100
Increase in accrued sick and annual leave payable	6,434	-	6,434	6,180
Decrease in prepaids	-	1,700	1,700	(1,700)
Increase/(decrease) in accounts payable	(139,216)	615	(138,601)	82,088
Net cash provided (used) by operating activities	-	(190)	(190)	337,133
<u>Cash flows from investing activities:</u>				
Purchase of fixed asset	-	-	-	(41,033)
Net cash (used) by investing activities	-	-	-	(41,033)
<u>Cash flows from financing activities:</u>				
Proceeds/(Payments) from notes payable	-	-	-	(348,318)
Net cash (used) by financing activities	-	-	-	(348,318)
<u>Net decrease in cash and cash equivalents</u>	-	(190)	(190)	(52,218)
<u>Cash and cash equivalents at beginning of year</u>	-	3,963	3,963	81,173
<u>Cash and cash equivalents at end of year</u>	-	3,773	3,773	28,955
<u>Cash paid during the year for interest</u>	-	-	-	17,319

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

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, KTYK-FM RADIO STATIONS
A Public Telecommunications Entity Operated By
Louisiana State University in Shreveport

Notes to the Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

A. Organization

Louisiana State University in Shreveport is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana and is under the management and supervision of a body corporate known as the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Board of Supervisors (the Board) is the governing body over all campuses under the organizational structure of the Louisiana State University (LSU) System. All members of the Board of Supervisors are appointed by the Governor. The Board of Supervisors is the legal holder of the licenses of all the stations in this network.

On September 14, 1981, the Board of Supervisors (the Board) approved establishment of a public radio station (network) to be housed at, and operated by, Louisiana State University in Shreveport (LSU-S). On October 29, 1982, the Federal Communication Commission (FCC) assigned it the call letters KDAQ-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1985, the radio station attained this status.

In 1985, a second station was established on the Louisiana State University at Alexandria campus (LSU-A). This station was established to be operated by LSU-S as a simulcast of KDAQ-FM. On May 17, 1985, the FCC assigned it the call letters KLSA-FM.

In 1987, a third station was established in El Dorado, Arkansas, to be operated by LSU-S as a simulcast of KDAQ-FM. On June 4, 1987, the FCC assigned it the call letters KBSA-FM.

In 1991, a fourth station was established in Lufkin, Texas, to be operated by LSU-S as a simulcast of KDAQ-FM. On December 7, 1991, the FCC assigned it the call letters KLDN-FM.

In 1996, a translator was established in Grambling, Louisiana, to be operated by LSU-S as a simulcast of KDAQ-FM. The translator numbers K214CE were assigned by the FCC on March 10, 1996.

In 2018, a fifth station was established in Overton, Texas, to be operated by LSU-S as a simulcast of KDAQ-FM. On October 18, 2018, the FCC assigned it the call letters of KTYK-FM.

1. Summary of Significant Accounting Policies (Continued)

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, KTYK-FM Radio Stations (aka Red River Radio Network) are departmental budget units of LSU-S and are reported in the University's Annual Financial Statements in the same respect as a "public service department." The total departmental expenditures are reported in Analysis Schedule C-2A and C-2B of LSU-S's financial statements for the network.

B. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the network, the accounts of the network are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and net assets of the station are reported in two self-balancing operating funds, which include without donor restrictions and with donor restrictions. These funds represent resources available for support of the network operations.

C. Contributions

Contributions are recorded as revenue in the Statement of Activities when received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. For the years ended June 30, 2021 and 2020, contributions amounted to \$394,076 and \$367,311, respectively. However, an additional contribution was received in the year ended June 30, 2020 by Red River Radio Network from LSU-S in the amount of \$357,984.

While the main source of monetary support for the Network comes from listener contributions, the entity also receives grant monies from the Corporation for Public Broadcasting "CPB" and Louisiana Public Broadcasting "LPB." These funds continue to play an integral role in the operational aspects of the Network. For the years ended June 30, 2021 and 2020, monies received from CPB grants amounted to \$360,696 and \$261,922. The CPB is fully funded through an annual federal appropriation, which is subject to the annual budgetary approval process. The LPB is funded through several sources, including an annual state appropriation, underwriting sources, and CPB allocations. During the current fiscal year, no state appropriations were received related to LPB.

D. Statement of Cash Flows

Cash flows are presented using the indirect method. Cash equivalents include demand deposits.

1. Summary of Significant Accounting Policies (Continued)

E. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on estimates of time and effort or other systematic bases.

F. Indirect Administrative Support

The network occupies without charge certain premises located in and owned by the state. Donated facilities from LSU-S consist of office and studio space together with related occupancy costs and are recorded as indirect administrative support from LSU-S. Occupancy cost allocated to the network for 2021 and 2020 was \$26,373 and \$26,373. Also included in indirect administrative support are costs associated with shared functions with LSU-S, such as accounting services, information technology, and campus police. For general services such as these, the indirect administrative support allocated to the network for 2021 and 2020 was \$168,797 and \$278,263, respectively. The total for indirect administrative support for 2021 and 2020 was \$195,170 and \$311,921, respectively. Computation for the above is reflected in Schedule B of the Corporation for Public Broadcasting Annual Financial Report. Due to the fact that the network is a departmental unit of LSU-S, the corresponding income and expense related to the contributed facilities is not reported on the face of the financial statement.

G. Income Taxes

The network is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). It has not adopted any uncertain tax positions with respect to those amounts reported in its 2021 financial statements. Therefore, no provision for income taxes has been made in the financial statements. The network is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. As a tax exempt entity, the network must also assess whether it has any tax positions associated with unrelated business income subject to income tax. The network does not expect any of these tax positions to change significantly over the next twelve months.

H. Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is recognized by the University using the straight-line method over the estimated useful life of the asset. The University maintains a physical inventory of all moveable equipment with an acquisition value of \$5,000 or more.

I. Net Assets

The Radio Station is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Some net assets without donor restrictions may be designated by the Advisory Board for specific purposes.

1. Summary of Significant Accounting Policies (Continued)

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Radio Station, and/or by the passage of time. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

At June 30, 2021, \$776,470 of the Radio Station's total net assets of \$779,628 were classified as without donor restrictions. The remaining \$3,158 was classified as with donor restrictions as the Radio Station received grant money in the current fiscal year that is for the next fiscal year's operations.

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

K. Advertising Costs

The network expenses advertising costs as incurred. The Red River Public Radio Network recorded advertising expense of \$505 and \$575 during the years ended June 30, 2021 and 2020, respectively.

2. Liquidity and Availability

The Radio Station has \$3,773 of financial assets available within one year of the balance sheet date, consisting of cash of \$3,773. There are no donor restrictions that make the cash balance unavailable for general expenditure within one year of the balance sheet date, as these monies were granted for expenditure in the subsequent year. In addition, in order to meet its operating needs, the Radio Station also has available to it resources through its status as a departmental unit of LSU-S and through the accounting as explained in note 1.B. The Radio Station continues to have the support of the University.

As part of the Radio Station's liquidity management plan, meetings of the Community Advisory Board are conducted six times annually to review the financial needs of the Radio Station. The Radio Station strives to meet its financial goals by the end of each fiscal year. The Advisory Board conducts pledge drives, reviews the grant application process to ensure eligibility for future grants and adjusts programming as necessary based on revenue streams.

The Radio Station, with the assistance of the Community Advisory Board, has also undertaken a more aggressive approach to fundraising and underwriting as well as seeking out additional funding sources.

3. Property and Equipment

A summary of property and equipment is as follows:

	Balance 6/30/20	Additions	Deletions	Depreciation	Balance 6/30/21
Transmission and antenna	468,613	-	-	-	468,613
Less-accumulated depreciation	<u>(468,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(468,613)</u>
Total transmission and antenna	-	-	-	-	-
Satellite dish	39,450	-	-	-	39,450
Less-accumulated depreciation	<u>(39,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,450)</u>
Total satellite dish	-	-	-	-	-
Studio and other broadcast equipment	659,689	-	-	-	659,689
Less-accumulated depreciation	<u>(596,720)</u>	<u>-</u>	<u>-</u>	<u>(14,727)</u>	<u>(611,447)</u>
Total studio and other broadcast equipment	62,969	-	-	(14,727)	48,242
Building improvements	1,054,926	-	-	-	1,054,926
Less-accumulated depreciation	<u>(157,895)</u>	<u>-</u>	<u>-</u>	<u>(26,373)</u>	<u>(184,268)</u>
Total building improvements	<u>897,031</u>	<u>-</u>	<u>-</u>	<u>(26,373)</u>	<u>870,658</u>
Total property and equipment	<u>960,000</u>	<u>-</u>	<u>-</u>	<u>(41,100)</u>	<u>918,900</u>

4. Long-Term Debt

On October 11, 2018, an agreement was entered into between the LSU-S and the Louisiana State University and Agricultural and Mechanical College (LSU) in which LSU lent \$348,317.83 to LSU-S for the purchase of the KTYK-FM radio station. This debt was to be repaid over ten years in quarterly installments at an interest rate of 5%. However, after the March 31, 2020 quarterly payment to LSU, the Network was able to pay the debt in full.

There was no interest expense for 2021. Interest expense was \$17,319 for 2020.

5. Leases

The network is obligated for operating leases in three (3) locations, for the purpose of operating the stations KBSA-FM, KLDN-FM, and KTYK-FM. The lease agreements consist of noncancellable five-year terms. Each lease contains a clause providing for a certain number of five (5) year automatic extensions at the end of the current term, which have been exercised in the case of the expired leases; however, both parties to the lease can forgo such an extension by providing timely notice as defined in the lease.

5. Leases (Continued)

The total rental expense for 2021 and 2020 was \$69,332 and \$62,298, respectively. Each lease agreement stipulates that the lessor may, at his or her sole discretion, apply an annual increase or proportionate increase in the CPI-U to the previous year's base rent. The future minimum lease payments due under the lease agreements at June 30, 2021, are as follows:

<u>Nature of Lease</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	2027 and	
						<u>Thereafter</u>	<u>Total</u>
Tower Rental	<u>54,841</u>	<u>44,616</u>	<u>41,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,023</u>

The network entered into an agreement in October 2014 to lease a portion of a tower and a storage building to a tenant for five years for a monthly amount of \$530. The lease will renew automatically for four (4) additional terms of five (5) years each, with rent increasing each year by three (3%) percent. The future minimum lease payments to be received by the network under this lease agreement at June 30, 2021 are as follows:

<u>Nature of Lease</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	2027 and	
						<u>Thereafter</u>	<u>Total</u>
Tower & Storage Building	<u>17,481</u>	<u>6,747</u>	<u>2,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,545</u>

6. Accrued Leave Payable

Employees accrue and accumulate annual and sick leave in accordance with policies established by the LSU Board of Supervisors for unclassified personnel, and by the Department of Civil Service for classified personnel. Substantially all employees accumulate annual and sick leave without limitation.

Upon separation of employment, personnel, or their heirs, are compensated for accumulated annual leave not to exceed 300 hours.

In addition, personnel, or their heirs, are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Upon retirement, any annual or sick leave not compensated for is used as credited service in either Louisiana Teacher's Retirement System or Louisiana State Employees' Retirement System.

The liability for unused annual and sick leave at June 30, 2021, is estimated to be \$38,702 and \$29,184, respectively, as reflected in Statement A. This estimated liability for compensated absences is calculated on a maximum of 300 hours for each employee having accumulated annual leave, and on a maximum of 200 hours of accumulated sick leave for unclassified employees. The liability is not calculated on sick leave balances accumulated by classified employees, since lump sum payments for sick leave only are made to retiring unclassified employees. Accrued leave payable for the year ended June 30, 2021 increased by \$6,434.

7. Pension Plan

Substantially all employees of the network are members of the Louisiana State Employees' Retirement System (LASERS) or the Louisiana Teachers' Retirement System (TRS), which is made available to them as employees of Louisiana State University in Shreveport. Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the State legislature. The Systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. The reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

The contribution requirements of plan members and the radio station are established and may be amended by the State legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8 percent (TRS) and 8 percent (LASERS) of covered salaries. The state is required to contribute 25 percent of covered salaries to TRS and 40.1 percent of covered salaries to LASERS. The radio station's employer contribution is funded by self-generated revenues. The radio station's employer contributions to TRS for the years ended June 30, 2021 and 2020, were \$46,814 and \$46,672, respectively, and to LASERS for the years ended June 30, 2021 and 2020, were \$14,263 and \$12,269, respectively, equal to the required contributions for each year.

8. Optional Retirement System

LSA-R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the radio station are 28 percent of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$21,841 and \$21,170 for the years ended June 30, 2021 and 2020, respectively.

9. Changes in Grant Advances with Donor Restrictions

Balance, beginning of year	5,663
Additions-contributions and grants	413,096
Deductions-contributions and grants recognized as revenue or support	<u>(415,601)</u>
Balance, end of year	<u><u>3,158</u></u>

10. Prior Year Financial Statements

The financial information shown for 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021 and presents summarized totals only.

11. The Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund

On September 26, 1996, the Community Foundation of North Louisiana (Foundation), a nonprofit corporation of Shreveport, Louisiana with its principal office located at 401 Edwards Street, Shreveport, Louisiana 71101, in coordination with the Community Advisory Board (CAB) for the Louisiana State University in Shreveport Public Radio Stations, established the Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund (Fund).

The Fund is to be used for the support of the purposes of CAB. The Fund is the property of the Foundation, and all distributions from the Fund must be approved by the Board of Directors. Distributions from the Fund to LSU in Shreveport for support of the radio stations are recognized as revenues in Statement B in the year the funds are actually received by LSU in Shreveport.

As of June 30, 2021, the Fund had a balance of \$182,979.

12. In-Kind Contributions and Advertising Barter Transactions

During the year ended June 30, 2021, the network received \$2,437 in contributions of in-kind goods and services. These gifts consisted of donated advertising, internet services and various other supplies. In addition, the network also recognized \$31,712 in advertising barter transactions. In-kind and advertising barter transactions for the year ended June 30, 2020 totaled \$4,811 and \$29,038, respectively.

13. Functional Expense Reporting

Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of time and effort or other reasonable bases.

13. Functional Expense Reporting (Continued)

	Program Expenses			Supporting Services			Total
	Programming and Production	Broadcasting	Program	Management and General	Fundraising	Underwriting and Grant Solicitation	
			Information and Promotion		and Membership Development		
Salaries and wages	21,218	56,607	16,006	153,805	31,915	21,277	300,828
Travel	51	806	39	705	159	45	1,805
Operating services	53,896	112,487	4,795	128,575	21,926	5,579	327,258
Supplies	3,695	10,070	444	8,649	1,870	516	25,244
Professional services	974	13,599	650	11,897	2,670	757	30,547
Licensing fees	135,918	45,105	463	32,275	4,043	539	218,343
Other charges	4,694	6,263	245	11,684	1,076	285	24,247
	<u>220,446</u>	<u>244,937</u>	<u>22,642</u>	<u>347,590</u>	<u>63,659</u>	<u>28,998</u>	<u>928,272</u>

14. Related Party Transaction

Accounts payable of \$74,544 represents amounts paid by LSU-S on behalf of the Radio Station.

15. Uncertainties Arising due to Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Network operates. It is unknown how long these conditions will last and what the financial effect will be to the Network.

16. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740, “Subsequent Events,” the Network evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Network evaluated events through December 28, 2021, the date the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS
A Public Telecommunications Entity Operated by
Louisiana State University in Shreveport

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2021

Agency Head: Kermit Poling

Salary	68,495
Benefits - retirement	17,124
Benefits - health insurance	12,879

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

December 28, 2021

Louisiana State University in Shreveport
State of Louisiana
Shreveport, Louisiana

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, a public telecommunications entity operated by Louisiana State University in Shreveport, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Station’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated By
Louisiana State University in Shreveport

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport were disclosed during the audit.
4. The Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport were not subject to a federal single audit.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated By
Louisiana State University in Shreveport

Schedule of Prior Year Findings
For the Year Ended June 30, 2021

No matters were reported in the prior year.

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, AND KTYK-FM RADIO STATIONS

A Public Telecommunications Entity Operated By
Louisiana State University in Shreveport

Management's Corrective Action Plan
For Current Year Findings
For the Year Ended June 30, 2021

No matters were reported.