

**KSLU – FM RADIO****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
SOUTHEASTERN LOUISIANA UNIVERSITY****FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT****JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

KSLU – FM Radio  
A Public Telecommunications Entity Operated by  
Southeastern Louisiana University

Financial Statements and  
Independent Auditor's Report

June 30, 2004

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# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA

Member  
American Institute of CPA's  
Society of Louisiana CPA's

November 18, 2004

## Independent Auditor's Report

Mr. Todd Delaney,  
Interim General Manager  
KSLU-FM Radio  
Hammond, Louisiana

We have audited the accompanying statement of financial position of KSLU-FM Radio, a licensee and public telecommunications entity operated by Southeastern Louisiana University as of June 30, 2004, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of KSLU-FM Radio's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSLU-FM Radio as of June 30, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2004 on our consideration of KSLU-FM Radio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,



Durnin & James, CPAs  
(A Professional Corporation)

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

Exhibit A

Statement of Financial Position

June 30, 2004

	<u>2004</u>
<b>Assets</b>	
Cash	\$ 8,128
University Intra-Fund Balance	113,501
Accounts Receivable, Net of Allowance for Uncollectible Accounts	-
Equipment, Net of Accumulated Depreciation	<u>97,203</u>
 Total Assets	 <u>\$ 218,832</u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
University Intra-Fund Deficit	<u>\$ -</u>
 Total Liabilities	 <u>-</u>
<b>Net Assets</b>	
Unrestricted	<u>218,832</u>
 Total Net Assets	 <u>218,832</u>
 Total Liabilities and Net Assets	 <u>\$ 218,832</u>

The accompanying notes are an integral part of this statement.

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
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Exhibit B

Statement of Activities

For the Year Ended June 30, 2004

	2004
Changes in Unrestricted Net Assets:	
Revenues and Gains:	
Contributions from Southeastern Louisiana University:	
General Appropriation	\$ 208,755
Donated Facilities and Administrative Support	95,799
In-Kind Donated Broadcast Facilities	30,000
Student Tuition Assessment	87,187
Grant Revenue	95,365
Private Sector Revenue	775
Private Donations	17,733
 Total Unrestricted Revenues and Gains	 \$ 535,614
 Expenses:	
Unrestricted Operating Funds	363,191
Restricted Operating Funds	84,117
Community Service Grant - FY 02 Fund	39,400
Community Service Grant - FY 01 Fund	5,260
National Production and Program Acquisition Grant - FY 03 Fund	9,609
National Production and Program Acquisition Grant - FY 02 Fund	21,577
Louisiana Educational Television Authority Grant	-
Restricted Operating Fees	8,583
 Total Unrestricted Expenses	 \$ 531,737
 Increase in Net Assets	 \$ 3,877
 Net Assets - Beginning of the Year	 \$ 214,955
 Net Assets - End of the Year	 \$ 218,832

The accompanying notes are an integral part of this statement.

KSLU-FM Radio  
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Exhibit C

Statement of Cash Flows

For the Year Ended June 30, 2004

	<u>2004</u>
Cash Flows from Operating Activities	
Change in Net Assets	\$ 3,877
Adjustments to Reconcile Change in Net Assets To	
Net Cash Used by Operating Activities:	
Depreciation	24,271
(Increase) Decrease in University Intra-Fund Receivable	3,363
(Increase) Decrease in Accounts Receivable	-
Disposal of Equipment	-
Decrease in University Intra-Fund Liability	-
	<hr/>
Net Cash Provided by Operating Activities	\$ 31,511
Cash Flows from Investing Activities	
Purchase of Equipment	<u>(30,749)</u>
Net Cash Used by Investing Activities	\$ <u>(30,749)</u>
Net Increase in Cash and Cash Equivalents	\$ 762
Cash and Cash Equivalents - Beginning of the Year	\$ <u>7,365</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 8,127</u>

The accompanying notes are an integral part of this statement.

KSLU-FM Radio  
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Notes to Financial Statements

For the Year Ended June 30, 2004

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KSLU-FM Radio  
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Notes to Financial Statements

For the Year Ended June 30, 2004

**1. Summary Of Significant Accounting Policies**

The financial statements of KSLU-FM Radio (the Station) 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

KSLU-FM Radio is a public telecommunications entity operated by Southeastern Louisiana University in Hammond, Louisiana. Its purpose is to provide public radio programming and broadcasting in Hammond, Louisiana and surrounding areas. The station is funded in part by direct state appropriations through Southeastern Louisiana University, in-kind support from the University, and self-assessed student fees through the University. The station is also funded through grants provided by the Corporation for Public Broadcasting as well as private sector underwriting sources. The station presently has five full-time employees.

B. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the station, the accounts of the station 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 fund balances of KSLU-FM Radio are reported in self-balancing fund groups as follows:

Operating Funds include resources available to support the operations of KSLU-FM Radio. Primary support is provided by Southeastern Louisiana University; however, additional support is provided through in-kind donations and remote broadcast facilities.

Property Fund includes resources invested in property and equipment used in KSLU-FM operations.

Community Service Grant Funds represent grants funded by the Corporation for Public Broadcasting. The amounts funded are designated for station operating expenses.



KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
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Notes to Financial Statements (Continued)

June 30, 2004

National Production and Programming Grant Funds represent grants funded by the Corporation for Public Broadcasting. The amounts funded are designated for national production and program acquisition expenses.

C. University Intra-Fund Balance

Southeastern Louisiana University provides cash management services to KSLU-FM Radio. Amounts included in intra-fund balances represent the respective payable or receivable between KSLU-FM Radio and the university.

D. Statement of Cash Flows

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

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 revenues, expenses, and changes in fund balances. Accordingly, certain costs have been allocated among programs and supporting services benefited based on total personnel costs or the other systematic bases.

F. Indirect Contributions And Support

Donated facilities from Southeastern Louisiana University consist of studio and office space together with related occupancy costs and are recorded in revenue and expense at either fair market value or the direct cost with allocations based on KSLU-FM Radio's respective usage.

In-kind programming support consists of remote broadcasting facilities provided at no cost to KSLU-FM Radio for programming and/or broadcasting operations. The value of such support is generally the cost to the provider or amounts determined to be acceptable to the Corporation for Public Broadcasting.

G. Restricted Support

The public broadcaster reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

Notes to Financial Statements (Continued)

June 30, 2004

H. Gifts of Long-Lived Assets

The public broadcaster reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the public broadcaster reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

I. Revenue Recognition

Unrestricted contributions, pledges, and grants are recognized as revenue in the statement of financial activity upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or upon accrual. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

J. Financial Statement Presentation

In 1996, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," early. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

K. Contributions

The Organization also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

L. Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
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Notes to Financial Statements (Continued)

June 30, 2004

**2. Property and Equipment**

Fixed assets are recorded at cost or, in the case of donated property, at estimated fair market value at the date of receipt. Depreciation is calculated by the straight-line method for all property acquired before 1981, and for property acquired after 1989, and by the accelerated cost recovery (ACRS) method for all property acquired from 1982 to 1989. Estimated useful lives of property used in depreciation calculations range from three to ten years. Depreciation was \$24,271 for fiscal year 2004. Expenditures for maintenance and repair are charged against revenues as incurred; cost of major additions and improvements are capitalized.

Property and equipment consist of the following at June 30, 2004:

Transmitting and Broadcast Equipment	\$ 310,770
Furniture and Office Equipment	<u>52,118</u>
	362,888
Less: Accumulated Depreciation	<u>265,685</u>
 Net Property and Equipment	 <u>\$ 97,203</u>

**3. Pension Plan**

All employees of the station are employees of Southeastern Louisiana University and are members of the Louisiana State Employees Retirement System and the Louisiana State Teachers Retirement System. Contributions by the station to these two retirement systems during the year total \$5,306 and \$22,845, respectively. Required disclosures relating to the status of these two retirement systems is provided in the University's financial statements.

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

Notes to Financial Statements (Continued)

June 30, 2004

**4. Functional Expenses**

Expenses incurred were for:

	Program Services			Total Program Services	Support Services		2004 Total
	Programming & Production	Broadcasting	Program Information		Management & General	Support Services	
Salaries, wages, & benefits	\$ 46,638	\$ 86,626	\$ -	\$ 133,264	\$ 151,090	\$ 151,090	\$ 284,354
Occupancy	168	207	-	375	366	366	741
Dues and subscriptions	40,798	695	-	41,493	2,050	2,050	43,543
Xerox copies	-	-	-	-	155	155	155
Repairs and maintenance	-	119	-	119	1,465	1,465	1,584
Conferences, meetings	-	-	-	-	5,592	5,592	5,592
Advertising	-	-	-	-	3,489	3,489	3,489
Printing	-	-	-	-	1,105	1,105	1,105
Professional services	-	18,500	-	18,500	4,800	4,800	23,300
Office supplies	-	1,124	-	1,124	3,215	3,215	4,339
Depreciation	-	23,193	-	23,193	1,078	1,078	24,271
Telephone	-	7	-	7	4,014	4,014	4,021
Institutional support	19,284	23,711	-	42,995	41,956	41,956	84,951
Physical plant	1,698	2,088	-	3,786	3,695	3,695	7,481
Student work study	-	2,625	-	2,625	-	-	2,625
Rentals	-	241	-	241	200	200	441
In-kind remote broadcast	-	30,000	-	30,000	-	-	30,000
Miscellaneous	-	-	-	-	9,745	9,745	9,745
Totals	<u>\$ 108,586</u>	<u>\$ 189,136</u>	<u>\$ -</u>	<u>\$ 297,722</u>	<u>\$ 234,015</u>	<u>\$ 234,015</u>	<u>\$ 531,737</u>

**5. Grants from the Corporation for Public Broadcasting**

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. Annually, CPB distributes funds in the form of Community Service Grants (CSGs) and National Program Production and Acquisition Grants (NPPAGs) to qualifying public telecommunication entities.

Community Service Grants (CSGs) are used to augment the financial resources of public broadcasting stations 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), (1983) Supplement. 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. In addition, the Grants may be used to sustain activities begun with Community Service Grants Awarded in prior years.

KSLU-FM Radio  
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Southeastern Louisiana University

Notes to Financial Statements (Continued)

June 30, 2004

National Program Production and Acquisition Grants (NPPAGs) are grants limited to the production, acquisition, promotion, and distribution of national programming. National programming has been defined as a program placed in the national marketplace of public radio programming. Public broadcaster uses these funds for purposes relating primarily to production and acquisition of programming.

Both the CSG and NPPAG grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the Grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of Grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

The Community Service Grants received and expended during the most recent fiscal years were as follows:

Type of Grant	Year of Grant	Grants Received	Expended				Uncommitted Balance at June 30, 2004
			2000 - 01 and Prior	2001 - 02	2002 - 03	2003 - 04	
CSG	1999 - 01	\$ 56,064	\$ 44,170	\$ 11,894	\$ -	\$ -	\$ -
NPPAG	1999 - 01	\$ 24,028	\$ 24,028	\$ -	\$ -	\$ -	\$ -
CSG	2000 - 02	\$ 57,837	\$ 3,924	\$ 38,146	\$ 15,767	\$ -	\$ -
NPPAG	2000 - 02	\$ 25,000	\$ 2,357	\$ 22,643	\$ -	\$ -	\$ -
CSG	2001 - 03	\$ 56,839	\$ -	\$ -	\$ 48,648	\$ 8,191	\$ -
NPPAG	2001 - 03	\$ 23,386	\$ -	\$ 1,824	\$ 21,562	\$ -	\$ -
CSG	2002 - 04	\$ 53,628	\$ -	\$ -	\$ -	\$ 52,279	\$ 1,349
NPPAG	2002 - 04	\$ 21,577	\$ -	\$ -	\$ -	\$ 21,577	\$ -
CSG	2003 - 05	\$ 59,994	\$ -	\$ -	\$ -	\$ -	\$ 59,994
NPPAG	2003 - 05	\$ 22,871	\$ -	\$ -	\$ -	\$ 9,609	\$ 13,262

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

Notes to Financial Statements (Continued)

June 30, 2004

**6. State Appropriations**

This classification includes financial resources provided to public broadcasters through budgetary authorizations of the State of Louisiana. State appropriations utilized were as follows:

	2003 - 04
Authorized State Appropriation	\$ 208,755
Unexpended Appropriation	-
Accrual Adjustments	-
	<hr/>
Operating Fund	208,755
Property Fund	-
	<hr/>
Total	<u>\$ 208,755</u>

**7. Indirect Administrative Support**

Portions of the licensee's general overhead costs relate to and benefit the public broadcaster. Such items include administration, utilities, maintenance, and repair. These services were provided without cost and have been allocated to the public broadcaster. The fair value of these services is reported as revenue and expense in the accompanying statement of financial activity.

Donated facilities from the licensee are based on the depreciated value of space occupied.

**8. Student Tuition Assessment**

Each student taking at least four semester hours is assessed a fee per semester which is dedicated to KSLU-FM Radio. Revenue from this source was generated in the amount of \$87,187.

**Other Independent Auditor's Reports  
And Findings and Recommendations**

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



# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA

Member  
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Society of Louisiana CPA's

November 18, 2004

Independent Auditor's Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of  
General Purpose Financial Statements Performed in Accordance with  
Government Auditing Standards

Mr. Todd Delaney,  
Interim General Manager  
KSLU-FM Radio  
Hammond, Louisiana

We have audited the financial statements of KSLU-FM Radio, a licensee and public telecommunications entity operated by Southeastern Louisiana University as of and for the year ended June 30, 2004, and have issued our report thereon dated November 18, 2004.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 of material misstatement.

## Compliance

As part of obtaining reasonable assurance about whether KSLU-FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

## Internal Control over Financial Reporting

In planning and performing our audit, we considered the KSLU-FM Radio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control

KSLU-FM Radio  
Hammond, Louisiana

components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, Southeastern Louisiana University, the Louisiana Legislative Auditor, and the Corporation for Public Broadcasting, and is not intended to be and should not be used by anyone other than these specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Durnin & James, CPAs  
(A Professional Corporation)

## **Findings and Recommendations**

KSLU-FM Radio  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

Current Year Audit Findings

For the Year Ended June 30, 2004

**Findings and Recommendations**

**Compliance**

None

**Internal Control over Financial Reporting**

None

**Corrective Action Plan for Current Year Audit Findings**

KSLU FM-Radio  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

Corrective Action Plan for Current Year Audit Findings

For the Year Ended June 30, 2004

<u>Ref #</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>Compliance</u>				
	None			
<u>Internal Control</u>				
	None			

*Note: This schedule was prepared by the management of KSLU-FM Radio.*

**Summary Schedule of Prior Audit Findings**

KSLU-FM Radio  
 A Public Telecommunications Entity Operated By  
 Southeastern Louisiana University

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2004

Fiscal Year Findings Initially Occurred	Description of Finding	Corrective Action	Plan Corrective Action - Partial Corrective Action Taken	Additional Explanation
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Compliance

None

Internal Control

None

*Note: This schedule was prepared by the management of KSLU-FM Radio.*