

**KDAQ-FM, KLSA-FM, KBSA-FM,
KLDN-FM, AND KTYK-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
JUNE 30, 2022**

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, 2022

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, 2022. Please read it in conjunction with the Network's financial statements.

Financial Highlights

The Network's net assets increased by \$55,491 or 7% of the beginning value of the network's net assets, during the year ended June 30, 2022.

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, 2022. 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>2022</u>	<u>2021</u>	<u>% Change</u>
Current and other assets	1,257	3,773	(67%)
Capital assets, net of depreciation	<u>946,341</u>	<u>918,900</u>	3%
Total assets	947,598	922,673	3%
Current liabilities	55,849	75,159	(26%)
Noncurrent liabilities	<u>56,630</u>	<u>67,886</u>	(17%)
Total liabilities	112,479	143,045	(21%)
Net assets without donor restrictions	834,366	776,470	7%
Net assets with donor restrictions	<u>753</u>	<u>3,158</u>	(76%)
Total net assets	<u><u>835,119</u></u>	<u><u>779,628</u></u>	7%

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 decreased by \$11,256 during the fiscal year, from \$67,886 at the beginning of the year to \$56,630 at the end of the year.

A summary of changes in net assets is presented below:

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Operating revenues (memberships, underwriting, lease agreements, non capital grants)	<u>1,057,726</u>	<u>1,058,549</u>	(0%)
Total revenues	1,057,726	1,058,549	(0%)
Operating expenses			
Depreciation	54,809	41,100	33%
Other	<u>947,426</u>	<u>928,272</u>	2%
Total expenses	1,002,235	969,372	3%
Change in net assets	<u><u>55,491</u></u>	<u><u>89,177</u></u>	(38%)

Other Currently Known Facts, Decisions, or Conditions

The network has now been operating for over 37 years and indications are that audience numbers remain steady. We celebrate our 38th anniversary in December of 2022.

All of our transmitter sites are operating normally. Over the last year, we had both repair work in Lufkin as well as spent funds to stay on the air while LPB completed work on their tower in the Shreveport market. This cost the network approximately \$25,000.

We have started receiving reimbursement for the qualified purchases from the restacking work at our Shreveport site and expect that the FCC will reimburse the remaining amounts during fiscal year 2023. We engaged an engineering firm that specializes in the FCC reimbursement project to assist us. Separately, we did receive our FCC reimbursement for upgrades to our satellite system, with which we send our signal to our various transmitters.

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 have begun a special project with the Poynter Institute, which is intended to train staff in improving our online presence and assist in better serving audiences via our website. This project is jointly run by Poynter and the CPB.

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



REGIONS TOWER
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December 20, 2022

Louisiana State University in Shreveport
State of Louisiana
Shreveport, Louisiana

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities and cash flows for the year then ended (with summarized totals for 2021), and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Network's 2021 financial statements and, in our report dated December 28, 2021, we expressed an unmodified opinion on those financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 17 are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the information on page 17 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 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 solely 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 effectiveness of 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, 2022
(With Comparative Totals for 2021)

Statement A

<u>ASSETS</u>	2022 Operating Funds			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>Current assets:</u>				
Cash and cash equivalents	-	1,257	1,257	3,773
Total current assets	-	1,257	1,257	3,773
<u>Property and equipment:</u>				
Building improvements (net of accumulated depreciation)	844,285	-	844,285	870,658
Equipment (net of accumulated depreciation)	102,056	-	102,056	48,242
Total property and equipment	946,341	-	946,341	918,900
Total assets	946,341	1,257	947,598	922,673
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities:</u>				
Accounts payable	55,345	504	55,849	75,159
Total current liabilities	55,345	504	55,849	75,159
<u>Long-term liabilities:</u>				
Accrued sick and annual leave payable	56,630	-	56,630	67,886
Total long-term liabilities	56,630	-	56,630	67,886
Total liabilities	111,975	504	112,479	143,045
<u>Net assets:</u>				
Without donor restrictions	834,366	-	834,366	776,470
With donor restrictions	-	753	753	3,158
Total net assets	834,366	753	835,119	779,628
Total liabilities and net assets	946,341	1,257	947,598	922,673

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, 2022
(With Comparative Totals for 2021)

Statement B

	2022			2021
	Operating Funds			Total (Summarized)
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>Revenues, gains, and other support:</u>				
Contributions	347,617	1,031	348,648	394,076
Underwriting	79,195	-	79,195	103,326
Corporation for Public Broadcasting:				
Community service grant-general	-	39,538	39,538	92,832
National program production and acquisition grant	-	109,043	109,043	34,283
RLAIF grant	-	24,670	24,670	23,424
American Rescue Plan Act Stabilization	-	-	-	210,157
Community Foundation support	-	123,500	123,500	50,000
Other private foundations grants	271,249	-	271,249	84,996
In-kind contributions	818	-	818	2,437
Advertising barter contributions	38,110	-	38,110	31,712
Lease agreements	22,955	-	22,955	31,306
Total revenues, gains and other support	759,944	297,782	1,057,726	1,058,549
<u>Net assets released from restrictions</u>	300,187	(300,187)	-	-
<u>Expenses:</u>				
Program services-				
Programming and production	233,145	-	233,145	220,446
Broadcasting	282,495	-	282,495	244,937
Program information and promotion	17,849	-	17,849	22,642
Total program expenses	533,489	-	533,489	488,025
Supporting services-				
Management and general	315,520	-	315,520	347,590
Fundraising and membership development	66,714	-	66,714	63,659
Underwriting and grant solicitation	31,703	-	31,703	28,998
Total supporting expenses	413,937	-	413,937	440,247
Total expenses	947,426	-	947,426	928,272

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, 2022
(With Comparative Totals for 2021)

Statement B

	2022			2021
	Operating Funds			
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>Change in net assets before capital depreciation</u>	112,705	(2,405)	110,300	130,277
<u>Capital Depreciation</u>	(54,809)	-	(54,809)	(41,100)
<u>Change in net assets after capital depreciation</u>	57,896	(2,405)	55,491	89,177
<u>Net assets, beginning of year</u>	776,470	3,158	779,628	690,451
<u>Net assets, end of year</u>	<u>834,366</u>	<u>753</u>	<u>835,119</u>	<u>779,628</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, 2022
(With Comparative Totals for 2021)

Statement C

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>Cash flows from operating activities:</u>				
Change in net assets	57,896	(2,405)	55,491	89,177
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation expense	54,809	-	54,809	41,100
Increase/(decrease) in accrued sick and annual leave payable	(11,256)	-	(11,256)	6,434
Decrease in prepaids	-	-	-	1,700
(Decrease) in accounts payable	(19,199)	(111)	(19,310)	(138,601)
Net cash provided (used) by operating activities	82,250	(2,516)	79,734	(190)
<u>Cash flows from investing activities:</u>				
Purchase of fixed asset	(82,250)	-	(82,250)	-
Net cash (used) by investing activities	(82,250)	-	(82,250)	-
<u>Net decrease in cash and cash equivalents</u>	-	(2,516)	(2,516)	(190)
<u>Cash and cash equivalents at beginning of year</u>	-	3,773	3,773	3,963
<u>Cash and cash equivalents at end of year</u>	-	1,257	1,257	3,773

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, 2022

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 network 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, 2022 and 2021, contributions amounted to \$348,648 and \$394,076, respectively.

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, 2022 and 2021, monies received from CPB grants amounted to \$173,251 and \$360,696. 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 2022 and 2021 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 2022 and 2021 was \$185,986 and \$171,014, respectively. The total for indirect administrative support for 2022 and 2021 was \$212,359 and \$197,386, 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 2022 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.

1. Summary of Significant Accounting Policies (Continued)

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.

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, 2022, \$834,366 of the Radio Station's total net assets of \$835,119 were classified as without donor restrictions. The remaining \$753 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 \$408 and \$505 during the years ended June 30, 2022 and 2021, respectively.

2. Liquidity and Availability

The Radio Station has \$1,257 of financial assets available within one year of the balance sheet date, consisting of cash of \$1,257. 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

2. Liquidity and Availability (Continued)

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 6/30/21	Additions	Deletions	Depreciation	Balance 6/30/22
Transmission and antenna	468,613	-	-	-	468,613
<u>Less-accumulated depreciation</u>	<u>(468,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(468,613)</u>
Total transmission and antenna	-	-	-	-	-
Satellite dish	39,450	-	-	-	39,450
<u>Less-accumulated depreciation</u>	<u>(39,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,450)</u>
Total satellite dish	-	-	-	-	-
Studio and other broadcast equipment	659,689	82,250	-	-	741,939
<u>Less-accumulated depreciation</u>	<u>(611,447)</u>	<u>-</u>	<u>-</u>	<u>(28,435)</u>	<u>(639,882)</u>
Total studio and other broadcast equipment	48,242	82,250	-	(28,435)	102,057
Building improvements	1,054,926	-	-	-	1,054,926
<u>Less-accumulated depreciation</u>	<u>(184,268)</u>	<u>-</u>	<u>-</u>	<u>(26,374)</u>	<u>(210,642)</u>
Total building improvements	870,658	-	-	(26,374)	844,284
Total property and equipment	<u>918,900</u>	<u>82,250</u>	<u>-</u>	<u>(54,809)</u>	<u>946,341</u>

4. 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.

4. Leases (Continued)

The total rental expense for 2022 and 2021 was \$71,998 and \$69,332, 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, 2022, are as follows:

<u>Nature of Lease</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028 and Thereafter</u>	<u>Total</u>
Tower Rental	<u>56,984</u>	<u>23,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,167</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. In addition, the network entered into an agreement to lease tower space for an annual amount of \$9,900. The lease will renew automatically for two (2) additional terms of three (3) years each, with rent increasing each year by two (2%) percent. The future minimum lease payments to be received by the network under these lease agreements at June 30, 2022 are as follows:

<u>Nature of Lease</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028 and Thereafter</u>	<u>Total</u>
Tower & Storage Building	<u>17,896</u>	<u>13,689</u>	<u>10,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,218</u>

5. 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, 2022, is estimated to be \$31,623 and \$25,007, 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, 2022 decreased by \$11,256.

6. 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 24.5 percent of covered salaries to TRS and 39.5 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, 2022 and 2021, were \$55,832 and \$46,814, respectively, and to LASERS for the years ended June 30, 2022 and 2021, were \$8,175 and \$14,263, respectively, equal to the required contributions for each year.

7. 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 27.7 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 \$15,783 and \$21,841 for the years ended June 30, 2022 and 2021, respectively.

8. Changes in Grant Advances with Donor Restrictions

Balance, beginning of year	3,158
Additions-contributions and grants	297,782
Deductions-contributions and grants recognized as revenue or support	<u>(300,187)</u>
Balance, end of year	<u><u>753</u></u>

9. Prior Year Financial Statements

The financial information shown for 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022 and presents summarized totals only.

10. 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, 2022, the Fund had a balance of \$154,176.

11. In-Kind Contributions and Advertising Barter Transactions

During the year ended June 30, 2022, the network received \$818 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 \$38,110 in advertising barter transactions. In-kind and advertising barter transactions for the year ended June 30, 2021 totaled \$2,437 and \$31,712, respectively.

12. 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.

12. Functional Expense Reporting (Continued)

	Program Expenses			Supporting Services			Total
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	
Salaries and wages	13,177	87,244	11,140	128,189	35,846	23,898	299,494
Operating services	49,016	88,493	3,688	114,034	15,829	4,291	275,351
Supplies	4,365	10,329	448	8,840	1,897	521	26,400
Professional services	1,312	15,605	744	13,641	3,057	866	35,225
Licensing fees	156,871	77,741	1,786	59,819	9,776	2,077	308,070
Other charges	8,404	3,083	43	(9,003)	309	50	2,886
	<u>233,145</u>	<u>282,495</u>	<u>17,849</u>	<u>315,520</u>	<u>66,714</u>	<u>31,703</u>	<u>947,426</u>

13. Related Party Transaction

Accounts payable of \$11,988 represents amounts paid by LSU-S on behalf of the Radio Station.

14. 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 20, 2022, 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, 2022

Agency Head: Kermit Poling

Salary	71,235
Benefits - retirement	17,453
Benefits - health insurance	12,540

OTHER REPORTS



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

December 20, 2022

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, 2022, 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 20, 2022.

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 Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network'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, 2022

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, 2022

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, 2022

No matters were reported.