

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
Jonesboro, Arkansas

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2017 and 2016

WIDNER-PENTER COMPANY, P.A.
JONESBORO, ARKANSAS

KASU (FM) RADIO
A Public Telecommunications Entity
Operated by Arkansas State University

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**WIDNER-PENTER
COMPANY, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

Barbara J. Widner, CPA

Julienne P. Penter, CPA

INDEPENDENT AUDITORS' REPORT

Board of Trustees of Arkansas State University
KASU (FM) Radio
Jonesboro, Arkansas

We have audited the accompanying financial statements of KASU (FM) Radio (the Radio Station), a public telecommunications entity operated by Arkansas State University, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Phone 870-336-3204 • Fax 870-336-3207

Members: American Institute of Certified Public Accountants and Members: Arkansas Society of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KASU (FM) Radio as of June 30, 2017 and 2016 and the respective changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note A, the financial statements of KASU (FM) Radio are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the Arkansas State University System that is attributable to the transactions of KASU (FM) Radio. They do not purport to, and do not, present fairly the financial position of the Arkansas State University System, an institution of higher education of the State of Arkansas as of June 30, 2017 and 2016, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages three through five be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Widner-Penter Company, P.A.

Widner-Penter Company, P.A.
Jonesboro, AR
December 19, 2017

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For years ended June 30, 2017 and 2016

Introduction and Reporting Entity

The following discussion and analysis of KASU (FM) Radio (hereafter referred to as the Station) is an overview of the financial position activities for the years ended June 30, 2017 and 2016. This discussion has been prepared by management and it should be read in conjunction with the financial statements and related footnotes which follow this section.

The Station is a full power radio station operated by and located on the campus of Arkansas State University. KASU is Arkansas' oldest non-commercial educational radio station. It is on the air 24 hours a day and operates at 100,000 watts on a frequency of 91.9 FM. The Station is a member of National Public Radio and an affiliate of American Public Media and Arkansas Public Media.

Overview of the Financial Statements

KASU's financial statements present only the financial information of the Station. These financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, and subsequently amended by Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The Statement of Net Position includes assets, liabilities and net position of the Station as of June 30, 2017 and 2016. This statement is classified into current and noncurrent assets and liabilities, and net position. The Statement of Revenues, Expenses and Changes in Net Position depicts the operating revenues and expenses resulting in net operating income (loss), which is then combined with nonoperating revenues (expenses) to provide the total change in net position. The Statement of Cash Flows presents the sources and uses of cash flows from operations, cash flows from noncapital financing activities, cash flows from capital and related financing activities and cash flows from investing activities. The financial statements also include note disclosures that provide additional detailed data.

Financial Highlights

- The Station's total assets and net position increased by \$9,306, or 1.43%.
- Total operating revenues increased by \$26,553, and operating expenses increased by \$36,754.
- Total nonoperating income decreased by \$720.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For years ended June 30, 2017 and 2016

Financial Analysis of the Statements

The Station's condensed financial statements are presented below for years ended June 30, 2017 and 2016.

Condensed Statements of Net Position

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 534,740	\$ 526,388
Restricted assets	89,455	79,002
Capital assets, net	25,871	35,370
Total assets	<u>650,066</u>	<u>640,760</u>
Net Position:		
Net investment in capital assets	25,871	35,370
Restricted		
Nonexpendable	6,500	6,500
Expendable	82,955	72,502
Unrestricted	534,740	526,388
Net position	<u>650,066</u>	<u>640,760</u>
Total net position	<u>\$ 650,066</u>	<u>\$ 640,760</u>

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 301,409	\$ 274,856
Operating expenses	<u>(804,093)</u>	<u>(767,339)</u>
Operating income (loss)	(502,684)	(492,483)
Direct and indirect university and administrative support	501,537	515,219
Endowment investment income (loss)	10,453	(2,509)
Net nonoperating revenues (loss)	<u>511,990</u>	<u>512,710</u>
Changes in net position	9,306	20,227
Net position, beginning of year	640,760	620,533
Net position, end of year	<u>\$ 650,066</u>	<u>\$ 640,760</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For years ended June 30, 2017 and 2016

Financial Analysis of the Statements (continued)

Condensed Statements of Cash Flows

	<u>2017</u>	<u>2016</u>
Net cash flows used in operating activities	\$ (450,886)	\$ (375,689)
Net cash flows provided by noncapital financing activities	450,886	387,988
Net cash flows used in capital and related financing activities	0	(12,299)
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, beginning of year	0	0
Cash and cash equivalents, end of year	0	0

Current assets consist of accounts receivable. Noncurrent assets include restricted assets, consisting of endowments, and depreciable capital assets. Capital assets are presented net of accumulated depreciation of \$1,050,558 and \$1,041,059 at June 30, 2017 and 2016, respectively.

Operating revenues for the fiscal year ended June 30, 2017 consist primarily of community service grants of \$144,331 and contributed support of \$143,271. Operating expenses for the year ended June 30, 2017 consist of broadcasting totaling \$178,768, programming and production of \$323,649, fundraising in the amount of \$57,547, underwriting of \$54,496, management and general totaling \$180,134, and depreciation of \$9,499. Nonoperating revenues consist of direct and indirect appropriations from Arkansas State University totaling \$501,537, along with endowments and related interest income of \$10,453.

Economic Factors Affecting Future Periods

Appropriation decisions by the United States Congress may impact grants from the Corporation for Public Broadcasting which in turn, may impact the Station's budget for programming and operational expenses. Changing economic conditions may also impact the Station's fundraising efforts.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of KASU (FM) Radio's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

KASU (FM) Radio
P.O. Box 2160
State University, AR 72467

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2017 and 2016

ASSETS	2017	2016
CURRENT ASSETS		
Accounts receivable	\$ 534,740	\$ 526,388
TOTAL CURRENT ASSETS	534,740	526,388
NONCURRENT ASSETS		
Restricted endowment	89,455	79,002
Capital assets		
Transmission, antenna and tower property and equipment	699,753	699,753
Studio and other broadcast equipment	286,589	286,589
Furniture and fixtures	90,087	90,087
Less accumulated depreciation	(1,050,558)	(1,041,059)
Net capital assets	25,871	35,370
TOTAL NONCURRENT ASSETS	115,326	114,372
TOTAL ASSETS	\$ 650,066	\$ 640,760
NET POSITION		
Net investment in capital assets	\$ 25,871	\$ 35,370
Restricted		
Nonexpendable	6,500	6,500
Expendable	82,955	72,502
Unrestricted	534,740	526,388
TOTAL NET POSITION	650,066	640,760
TOTAL NET POSITION	\$ 650,066	\$ 640,760

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

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Community service grants	\$ 144,331	\$ 141,851
Arkansas Public Media grant	13,807	0
Foundation contributions	143,271	133,005
Donated personal services	0	0
	301,409	274,856
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Local programming and production	323,649	348,253
Broadcasting	178,768	117,575
Management and general	180,134	184,480
Fundraising	57,547	57,635
Underwriting	54,496	50,717
Depreciation	9,499	8,679
	804,093	767,339
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	(502,684)	(492,483)
NONOPERATING REVENUES		
General appropriation from Arkansas State University	434,382	444,804
Indirect administrative support from Arkansas State University	67,155	70,415
Endowment investment income (loss)	10,453	(2,509)
	511,990	512,710
TOTAL NONOPERATING REVENUES		
CHANGES IN NET POSITION	9,306	20,227
NET POSITION, BEGINNING OF YEAR	640,760	620,533
NET POSITION, END OF YEAR	\$ 650,066	\$ 640,760

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

KASU (FM) RADIO
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OPERATED BY ARKANSAS STATE UNIVERSITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 133,282	\$ 179,551
Cash received from foundation	143,271	133,005
Cash paid for programming and production	(323,649)	(348,253)
Cash paid for broadcasting	(178,768)	(117,575)
Cash paid for fundraising	(57,547)	(57,635)
Cash paid for management and general	(112,979)	(114,065)
Cash paid for underwriting	(54,496)	(50,717)
	(450,886)	(375,689)
Net Cash Used In Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from general appropriations	450,886	387,988
	0	387,988
Net Cash Provided By Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment	0	(12,299)
	0	0
Net Cash Used In Capital and Related Financing Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0	0
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	0	0
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 0	\$ 0

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

KASU (FM) RADIO
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STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES		
Operating income (loss)	\$ (502,684)	\$ (492,483)
Adjustments to reconcile changes in net position to net cash used in operating activities:		
Depreciation	9,499	8,679
Operating expenses provided by general appropriations	50,651	127,231
Changes in accounts receivable	(8,352)	(19,116)
Changes in accounts payable	0	0
NET CASH USED IN OPERATING ACTIVITIES	\$ (450,886)	\$ (375,689)

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

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KASU (FM) Radio (the Station), is a public telecommunications entity operated by Arkansas State University. The Station's primary functions are to promote and establish noncommercial educational telecommunications facilities within Arkansas State University and to provide transmission facilities for noncommercial educational telecommunications programs throughout the State and surrounding area.

Basis of Presentation

The financial statements of KASU (FM) Radio have been prepared in conformity with accounting principles generally accepted in the United States of America and all applicable statements prescribed by the Governmental Accounting Standards Board (GASB). Additionally, the financial statements have been prepared to satisfy the requirements of the Corporation for Public Broadcasting (the CPB), as outlined in the "Supplemental Guide" published by the CPB.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the full scope of the Station's activities is considered to be a single business-type activity. Accordingly, the financial statements of the Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has occurred. In accordance with the business-type activity reporting model, the Station prepares its statement of cash flows using the direct method.

Restricted Endowments

Endowments that are externally restricted, by time or purpose, are classified in the financial statements as nonexpendable or expendable restricted assets. Endowment funds held by the Arkansas State University Foundation, on behalf of the Station, are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

KASU Radio is the recipient of an endowment fund established by the Charles Preston Winters Foundation. Under the terms of the agreement, the income may be used to provide funds for radio programming. Any such earnings will be distributed in accordance with the spending policy established by the Arkansas State University Foundation. The market value of the endowment as of June 30, 2017 and 2016 was \$89,455 and \$79,002, respectively. Investment income includes dividend and interest income and the net change from the year in the fair value of investments.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded at cost or, for donated property, at an estimated fair value determined as of the date of receipt. Depreciation is calculated by applying the straight-line method over the estimated useful lives of individual assets, which range from 5 to 25 years. Routine repairs and maintenance are charged to operating expenses in the year in which the costs are incurred.

Net Position

The Station's net position is classified as follows:

Net investment in capital assets – This represents the Station's total investment in capital assets, net of outstanding debt obligations related to those capital assets. There is no debt outstanding at June 30, 2017 or 2016. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position, nonexpendable – Nonexpendable restricted net position represents amounts in which donors or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.

Restricted net position, expendable – Expendable restricted net position includes resources of which the Station is legally or contractually obligated to spend in accordance with time or purpose restrictions imposed by external third parties.

Unrestricted net position – Unrestricted net position represents resources derived from underwriting, sales and other sources. These funds are used for transactions relating to general operations of the Station, and may be used at the discretion of the governing board to meet current expenses or other purposes.

It is the Station's policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

Revenue and Expense Recognition

The Station classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Expense Recognition (continued)

Operating revenues and expenses generally result from services provided in connection with the Station's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as grants, underwriting, and private gifts. Operating expenses are all expense transactions incurred other than those related to capital or investing activities.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions. Revenues from non-exchange transactions, such as transfers from internal departments and investment income, are considered nonoperating as a result of investing, capital or noncapital financing activities. Significant revenues relied upon for operations, such as general appropriations, donated facilities and administrative support from the University and investment income are recorded as nonoperating revenue.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Station considers all highly liquid cash investments with a maturity of three months or less to be cash equivalents. For financial statement purposes, funds are held by Arkansas State University and the Foundation on behalf of the Station.

Foundation Contributions

KASU (FM) Radio receives support from the Arkansas State University Foundation (the Foundation), a nonprofit entity operated independently of the University for the express purpose of receiving and disbursing private gifts and donations made to the various departments and programs of the University. The Foundation invests these funds for the beneficiary department or program. The ASU Foundation received solicited contributions totaling \$141,694 from contributors in 2017 and \$130,057 in 2016 who designated their gifts to be used by KASU (FM) Radio. Investment income of \$580 was earned during the year ended June 30, 2017, and \$599 was earned during the year ended June 30, 2016. The Station's receivable balance from the Foundation as of June 30, 2017 and 2016 was \$534,740 and \$526,388, respectively.

Contributed Services

In-kind contributions of fees and/or expenses of professionals or consultants, who are not employees of the Station and are engaged as independent contractors for specific services on a fee or other individual contract basis, are recorded at their fair market value in the financial statements.

KASU (FM) RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

Concentration of Credit Risk

The Station's significant revenue sources, and corresponding receivables, are grants and contributions originating from corporations, foundations and government agencies. At June 30, 2017, \$534,740 was receivable from the Arkansas State University Foundation, and \$526,388 was receivable at June 30, 2016.

Use of Estimates

The preparation of financial statements in conformity with generally 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.

NOTE B – COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,500 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act 47, United States Code Annotated, Section 396(k)(7). Each grant must be expended within two years of the initial grant authorization.

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

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

Grants are generally reported as unrestricted operating funds in the financial statements.

KASU (FM) RADIO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE B – COMMUNITY SERVICE GRANTS (continued)

The Community Service Grants (CSGs) received and expended during fiscal years 2017 and 2016 were as follows:

Type of Grant	Grant Period	Grants Received	Expended		Uncommitted Balance at June 30, 2017
			2015 – 2016	2016 – 2017	
CSG\Rural Station	10/1/13 – 9/30/15	\$ 150,445	\$ 75	\$ -0-	\$ -0-
CSG\Rural Station	10/1/14 – 9/30/16	\$ 148,816	\$ 116,734	\$ 647	\$ -0-
CSG\Rural Station	10/1/15 – 9/30/17	\$ 141,851	\$ 62,742	\$ 79,109	\$ -0-
CSG\Rural Station	10/1/16 – 9/30/18	\$ 144,331	\$ -0-	\$ 39,720	\$ 104,611

NOTE C – ARKANSAS PUBLIC MEDIA GRANT

KASU partnered with three public radio stations (KUAF-91.3 FM Fayetteville, KTXK-91.5 FM Texarkana, and KUAR-89.1 FM Little Rock) and one public television station, AETN, to form Arkansas Public Media, which is a journalism collaboration to provide coordination of statewide news coverage of rural Arkansas, with unified editorial focus on important issues to Arkansas. Through a grant from CPB, Arkansas Public Media provides cost sharing agreements to support one news reporter at each station. The funds from Arkansas Public Media are administered through KUAR-89.1 FM Little Rock. For KASU, funds allocated from the grant for the reporter position for the year ended June 30, 2017 were \$30,376. The grant also has a cost share requirement with a potential of \$8,024 to be expended for the year ended June 30, 2017. Due to the competitiveness of the market in recruiting candidates for the news reporter position, an additional \$5,000 was appropriated from KASU's budget for the year ended June 30, 2017. The position was filled in January 2017. Expenditures related to the salary and fringe benefits paid for the year ended June 30, 2017 totaled \$20,363, of which \$13,806 was expended with grant funds received.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE C – ARKANSAS PUBLIC MEDIA GRANT (continued)

The details regarding the source of the funds expended during fiscal years 2017 and 2016 were as follows:

Source of Funds	Funds Available	Expended	
		2015 – 2016	2016 – 2017
Arkansas Public Media	\$ 30,376	\$ -0-	\$ 13,806
Cost Share	8,024	-0-	3,647
Appropriated Funds	5,000	-0-	2,910
Totals	\$ 43,400	\$ -0-	\$ 20,363

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Transmission, antenna and tower property and equipment	\$ 699,753	\$ -0-	\$ -0-	\$ 699,753
Accumulated depreciation	(699,753)	-0-	-0-	(699,753)
Net Transmission, antenna and tower property and equipment	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Studio and other broadcasting equipment	\$ 286,589	\$ -0-	\$ -0-	\$ 286,589
Accumulated depreciation	(259,826)	(6,946)	-0-	(266,772)
Net Studio and other broadcasting equipment	\$ 26,763	\$ (6,946)	\$ -0-	\$ 19,817
Furniture and fixtures	\$ 90,087	\$ -0-	\$ -0-	\$ 90,087
Accumulated depreciation	(81,480)	(2,553)	-0-	(84,033)
Net Furniture and fixtures	\$ 8,607	\$ (2,553)	\$ -0-	\$ 6,054

KASU (FM) RADIO
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OPERATED BY ARKANSAS STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE D – CAPITAL ASSETS (continued)

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Transmission, antenna and tower property and equipment	\$ 699,753	\$ -0-	\$ -0-	\$ 699,753
Accumulated depreciation	(699,753)	-0-	-0-	(699,753)
Net Transmission, antenna and tower property and equipment	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Studio and other broadcasting equipment	\$ 274,574	\$ 12,015	\$ -0-	\$ 286,589
Accumulated depreciation	(253,984)	(5,842)	-0-	(259,826)
Net Studio and other broadcasting equipment	\$ 20,590	\$ 6,173	\$ -0-	\$ 26,763
Furniture and fixtures	\$ 90,087	\$ -0-	\$ -0-	\$ 90,087
Accumulated depreciation	(78,927)	(2,553)	-0-	(81,480)
Net Furniture and fixtures	\$ 11,160	\$ (2,553)	\$ -0-	\$ 8,607

NOTE E – INDIRECT ADMINISTRATIVE SUPPORT

Indirect administrative support from Arkansas State University consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses and Net Position as indirect administrative support and as an expense in the management and general expense category. Donated facilities from ASU are based on the depreciated value of space occupied. These amounts are computed in accordance with guidelines established by the Corporation for Public Broadcasting. Indirect administrative support from the University totaled \$67,155 and \$70,415 for the years ended June 30, 2017 and 2016, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE F – RETIREMENT PLANS AND POST RETIREMENT BENEFITS

Eligible employees who perform services for the Station and are employees of the University are covered under various retirement plans of the Arkansas State University System and are also entitled to certain healthcare benefits upon retirement. These include the Teacher Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), the Arkansas Teacher Retirement System (ATRS), the Arkansas Public Employees Retirement System (APERS), and the Variable Annuity Life Insurance Company (VALIC). All plan disclosures can be found in the Arkansas State University System Notes to the Financial Statements. The University does not allocate costs for these plans to the Station.

NOTE G – FAIR VALUE MEASUREMENT

The Station categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Station has the following recurring Level 1 fair value measurement as of June 30:

	<u>2017</u>	<u>2016</u>
Endowment fund held by Arkansas State University Foundation	\$89,455	\$79,002

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through December 19, 2017, which is the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment or disclosure in the financial statements.