

KMUW-FM Radio
(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

Financial Statements and
Independent Auditor's Report

June 30, 2015 and 2014



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Independent Auditor's Report

Wichita State University Management
KMUW-FM Radio
(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

We have audited the accompanying statements of net position of KMUW-FM Radio (a public telecommunications entity operated by Wichita State University, a component unit of the State of Kansas) as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KMUW-FM Radio as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with Corporation for Public Broadcasting principles of accounting and financial reporting for public telecommunications entities and accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 17 and 18, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Regin Can & Monroe, L.L.P.

January 11, 2016
Wichita, Kansas

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended June 30, 2015 and 2014

INTRODUCTION

This report, Management's Discussion and Analysis, provides an overview of the financial position and results of activities of KMUW-FM Radio (hereinafter "KMUW" or "the station") for the year ended June 30, 2015, with comparative information for the year ended June 30, 2014. It has been prepared by management and is required supplemental information to the financial statements that follow. The objective of this report is to help readers of the financial statements better understand KMUW's financial position and operating activities for the year ended June 30, 2015.

Wichita State University follows Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. This statement established standards for the preparation of public college and university financial statements. As a department of Wichita State University, KMUW also follows GASB Statement No. 35.

KMUW is one of more than 950 listener-supported, noncommercial radio stations, operated by over 400 separate licensees in the United States generally described as "public radio." Licensed to Wichita State University, KMUW operates at 100,000 watts at 89.1 FM with a schedule of programming rich in news, information, music, arts and ideas. KMUW's mission is to serve as a trusted source of local, national and world news, providing its audience with a broad discussion of ideas and a distinctive blend of diverse music and entertainment, while operating as a significant public service of Wichita State University.

Wichita State University is a comprehensive public institution of higher education with approximately 15,000 students and 500 faculty members. The university offers 60 undergraduate degree programs in more than 200 areas of study in six undergraduate colleges, and its graduate school offers an extensive program including more than 50 master's degrees and several doctoral degrees. The university is an agency of the State of Kansas and is governed by the Kansas Board of Regents. The State of Kansas issues its own financial statements, which include the financial activities of the state's university system.

USING THE FINANCIAL STATEMENTS

KMUW's financial report includes three financial statements: the Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. Each of these financial statements, along with highlights related to each, will be discussed in the sections that follow.

STATEMENTS OF NET POSITION

The Statements of Net Position present KMUW's financial position as of June 30, 2015 and 2014. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is net position, an indicator of financial condition. As of June 30, 2015, the station's net position was \$1,571,631. KMUW's financial position is sound.

SUMMARY STATEMENTS OF NET POSITION

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,014,956	\$ 1,188,090
Capital assets, net of depreciation	310,179	376,584
Other assets	<u>399,732</u>	<u>290,782</u>
Total assets	1,724,867	1,855,456
Liabilities	<u>153,236</u>	<u>116,900</u>
Net position	<u>\$ 1,571,631</u>	<u>\$ 1,738,556</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position serve as "income statements" and present the results of KMUW's financial activity for the years ending June 30, 2015 and 2014. GASB principles require the categorization of revenues and expenses as either operating or nonoperating with university support falling in the nonoperating category. Since university support comprises a significant part of the station's revenues each year, the reader of the financial statements should focus on the change in net position rather than the operating loss. The summary that follows illustrates this point.

SUMMARY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2015</u>	<u>2014</u>
Memberships and underwriting	\$ 1,178,637	\$ 1,038,632
Grants and contracts	208,823	197,006
Other	<u>165,655</u>	<u>98,910</u>
Total operating revenues	1,553,115	1,334,548
Total expenses	<u>2,487,422</u>	<u>2,102,142</u>
Operating loss	(934,307)	(767,594)
Support from Wichita State University	767,583	692,481
Investment earnings (loss)	<u>(201)</u>	<u>11,238</u>
Change in net position	<u>\$ (166,925)</u>	<u>\$ (63,875)</u>

Our member numbers increased to 3,592 in 2015 from 3,296 in 2014, which helped boost member financial support. More information about financial matters follows in the Economic Environment section.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows provide additional information about KMUW’s financial results by reporting the major sources and uses of cash. GASB principles promulgate four major sources of cash flows: cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities. Cash inflows from state appropriations are critical to funding station operations, but, as noted previously, GASB principles require they be reported as nonoperating cash flows.

SUMMARY STATEMENTS OF CASH FLOWS

	<u>2015</u>	<u>2014</u>
Cash flows used in operating activities	\$ (531,565)	\$ (280,557)
Cash flows from noncapital financing activities - appropriations	356,959	325,077
Cash flows from investing activities	<u>1,472</u>	<u>1,238</u>
Net change in cash and cash equivalents	<u>\$ (173,134)</u>	<u>\$ 45,758</u>

The indirect administrative support reported as nonoperating revenue on the Statements of Revenues, Expenses and Changes in Net Position is an estimate of the value of facilities and services KMUW received during each year from Wichita State University. This value is determined in accordance with CPB guidelines. Its absence from the Statements of Cash Flows highlights the fact that this is noncash support.

CAPITAL ASSETS

KMUW completed a significant upgrade to its equipment and broadcast capabilities in fiscal year (FY) 2010. The station purchased no additional equipment in either FY 2015 or FY 2014.

ECONOMIC ENVIRONMENT

Summary

FY 2015 was a year of developing and strengthening the structure of KMUW. It has resulted in a stronger and more cohesive team to accomplish more and better community outreach through news coverage and engagement events. The year included increases in revenue, both underwriting and membership, and the number of listeners. At the same time, investments in station staff and infrastructure resulted in higher expenses. Investments were also made for relocating the station to Old Town, a more central and accessible location for community gatherings, in FY 2016. All of these elements are key to positioning KMUW as an integral part of the community fabric and a most trusted source for news and world music. FY 2016 brings new individual giving initiatives to support the station growth, along with a strategy toward greater philanthropy.

Listener and Corporate Support

Listener support and corporate support both saw slight increases in FY 2015. New leadership at the first of the fiscal year provided organizational and program adjustments that increased revenue. The company that sells our underwriting, Bennett Consulting, also hired another sales person to focus on KMUW. The listening audience increased by 1,800 in the fiscal year according to Arbitron and the Radio Research Consortium Diary Data. Individual giving was up, as well, with more growth expected soon due to the hiring of a major gifts officer to steward and solicit donors.

Community Service and Outreach

Community Service and Outreach were top priorities for station leadership in FY 2015. An Engagement Department was developed with one existing position and two new engagement staff members. This department is charged with interacting with multiple facets of the community. The News Team also grew with the addition of two full-time and one part-time journalist. The growth in feature reporting about the community and the quality of those reports has grown exponentially. Along with a great deal of public acknowledgement, the station's news coverage garnered many awards. For the second year in a row, KMUW has been named the Kansas Association of Broadcasters Large Market Station of the Year. The station competed against radio stations across Kansas, both commercial and non-commercial, for these awards.

This is a complete list of the KAB awards categories and placements for KMUW:

- **Large Market Radio: *Station of the Year***
- **1st place**
 - Feature: “Former Wichitan Finds Bipolar Disorder Life-Changing,” by Carla Eckels
 - Commentary: “Why Music Is Greater Than the 'Mozart Effect,’” by Mark Foley
- **2nd place**
 - Feature: “Taps: The Hardest 24 Notes,” by Abigail Wilson
 - Spot News: “Ongoing Relationship Between WPD and Homeless,” by Abigail Wilson
 - PSA: “Working on Prairie Sunset Bike Trail,” by Kate Clause
 - Public Affairs Program: “KMUW Remembers Tanya Tandoc,” by Aileen LeBlanc
 - DJ Personality: “Soulsations,” with Carla Eckels
- **Honorable Mention**
 - Feature: “No Ferguson Here,” by Sean Sandefur
 - Spot News: “Hesston, 25 Years After F5 Tornado,” by Deborah Shaar
 - Commentary: “America is Still Singing,” by Zack Gingrich-Gaylord
 - DJ Personality: “Global Village,” with Chris Heim
 - KMUW’s Station Website, by Beth Golay and Hugo Phan

KMUW reporter Sean Sandefur won a national award from the Society of Professional Journalists for investigative reporting about an area of contaminated water in a Wichita neighborhood. KMUW was also honored with four Edward R. Murrow Awards for coverage of breaking news, hard news, sports and use of sound. The station’s diverse musical programming continued to gain popularity, with the show *Global Village* adding nearly 70 new stations around the world. The total number of stations who receive the internationally distributed show about world music is 268.

The voices of Wichita are represented in KMUW’s commentator program which includes the following volunteer hosts talking about matters relevant to Wichita:

<u>Commentator</u>	<u>Segment</u>
Sarah Bagby	Book Reviews
Richard Crowson	Politics
Ken Ciboski	Local Politics
Jim Erickson	Movie Reviews
Lael Ewy	On Words
Mark Foley	Musical Space
Robin Henry	Past & Present
Lindsay Herkommer-DeVries	Art Review
Samuel McConnell	Your Move
Sanda Moore Coleman	On Stage
Jay Price	Past & Present
Robert E. Weems, Jr.	Past & Present
Zach Gingrich-Gaylord	New American Songbook

Community outreach beyond the radio includes a variety of outreach events. This element of KMUW’s presence in Wichita is crucial to keeping the station relevant and diverse. Events range from job fairs to festivals to bike races. KMUW also continues the media sponsorship program. This program offers on-air announcements at no charge to local non-profit events that best fit KMUW’s mission in Wichita. The new Engagement Department was developed to expand on these efforts and seek opportunities to serve as a convener in community conversations. A large such project is planned for the upcoming election year.

The KMUW student organization, Stubblefield Society, continued to grow its profile and role among younger listeners. Membership remains steady around 150. “Museum Hop” events became a regular Stubblefield activity, exposing students to several local museums as a group at no charge on a bus tour. The group works with the new Engagement Department and has also focused on developing its formal officer and organizational structure.

Closing Statement

FY 2015 was an active time for organizational development and establishing the structure to insure relevant community engagement through news and outreach in the years to come. Significant investments built this base of support and strengthened the existing staff structure.

CONTACTING THE STATION’S FINANCIAL MANAGEMENT

KMUW-FM Radio
3317 E. 17th Street North
Wichita, KS
316-978-6789

KMUW-FM Radio
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STATEMENTS OF NET POSITION

June 30,

ASSETS

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,014,956	\$ 1,188,090
Pooled investments	98,686	100,359
Accounts receivable	232,515	128,871
Prepaid expenses	68,531	61,552
	1,414,688	1,478,872
Total current assets		
Capital assets, net	310,179	376,584
	\$ 1,724,867	\$ 1,855,456
Total assets		

LIABILITIES

Accounts payable and accrued liabilities	\$ 140,749	\$ 106,313
Deferred revenue	12,487	10,587
	153,236	116,900
Total current liabilities		

NET POSITION

Invested in capital assets	310,179	376,584
Unrestricted	1,261,452	1,361,972
	1,571,631	1,738,556
Total net position		
Total liabilities and net position	\$ 1,724,867	\$ 1,855,456

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

KMUW-FM Radio
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Memberships and underwriting	\$ 1,178,637	\$ 1,038,632
CPB community service grants	171,210	161,474
KPBC operating grants	37,613	35,532
Tower rentals	36,624	32,945
In-kind contributed support	56,523	28,872
Other	72,508	37,093
Total operating revenues	<u>1,553,115</u>	<u>1,334,548</u>
Expenses		
Program services		
Programming and production	988,029	854,979
Broadcasting and engineering	246,571	231,385
Program information and promotion	185,131	86,986
Supporting services		
Management and general	672,227	567,651
Fundraising and membership development	230,065	202,895
Underwriting and grant solicitation	165,399	158,246
Total expenses	<u>2,487,422</u>	<u>2,102,142</u>
Operating loss	<u>(934,307)</u>	<u>(767,594)</u>
Nonoperating revenues		
Support from Wichita State University		
Appropriations	356,959	325,077
Indirect administrative support	368,633	326,862
Utilities	41,991	40,542
Investment earnings (loss)	(201)	11,238
Total nonoperating revenues	<u>767,382</u>	<u>703,719</u>
Change in net position	(166,925)	(63,875)
Net position at beginning of year	<u>1,738,556</u>	<u>1,802,431</u>
Net position at end of year	<u>\$ 1,571,631</u>	<u>\$ 1,738,556</u>

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

KMUW-FM Radio
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STATEMENTS OF CASH FLOWS

For the years ended June 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Memberships and underwriting	\$ 1,076,894	\$ 1,048,491
Grants and contracts	208,823	197,006
Other	109,132	70,039
Payments to employees for services	(1,082,399)	(847,316)
Payments to suppliers for goods and services	(844,015)	(748,777)
Net cash used in operating activities	<u>(531,565)</u>	<u>(280,557)</u>
Cash flows from noncapital financing activities		
Appropriations	<u>356,959</u>	<u>325,077</u>
Cash flows from investing activities		
Investment earnings (loss)	(201)	11,238
Change in pooled investments	1,673	(10,000)
Net cash provided by investing activities	<u>1,472</u>	<u>1,238</u>
Net change in cash and cash equivalents	(173,134)	45,758
Cash and cash equivalents at beginning of year	<u>1,188,090</u>	<u>1,142,332</u>
Cash and cash equivalents at end of year	<u>\$ 1,014,956</u>	<u>\$ 1,188,090</u>
 Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (934,307)	\$ (767,594)
Adjustments to reconcile operating loss to net cash used in operating activities		
Indirect administrative support and utilities provided by Wichita State University	410,624	367,404
Depreciation	66,405	84,811
Changes in assets and liabilities		
Accounts receivable	(103,644)	3,110
Prepaid expenses	(6,979)	(3,834)
Accounts payable and accrued liabilities	34,436	28,798
Deferred revenue	1,900	6,748
Net cash used in operating activities	<u>\$ (531,565)</u>	<u>\$ (280,557)</u>

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

KMUW-FM Radio

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NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. Reporting entity

KMUW-FM Radio (KMUW) is operated by Wichita State University (the University), with Wichita Radio Reading Service (WRRS), a subcarrier channel broadcasting to visually impaired listeners. The University is a component unit of the State of Kansas, is governed by the Kansas Board of Regents, and is included in the State's financial statements as part of the university system component unit.

KMUW operates as one of many departments within the University. Corporation for Public Broadcasting (CPB) grantees are required to prepare financial statements that discretely display the financial position and activities of the public broadcasting entity, not those of a parent institution or governmental unit, and independent auditors must audit and opine on those separately issued statements. This requirement applies to all public broadcasting entities, regardless of whether other accounting standards require the parent institution or governmental unit to include the public broadcasting entity in its separately issued, institution-wide or government-wide financial statements.

2. Measurement focus and basis of accounting

KMUW prepares its financial statements as a business-type activity in conformity with applicable pronouncements of Governmental Accounting Standards Board (GASB). Accordingly, KMUW's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

KMUW has implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance previously contained in various FASB and AICPA pronouncements issued on or before November 30, 1989 that does not conflict with or contradict GASB pronouncements.

KMUW has also implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Accordingly, the accompanying statement of financial position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

3. Use of estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

4. Cash and cash equivalents

Cash and cash equivalents consist of pooled cash accounts on deposit with both the University and the WSU Foundation. KMUW considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. Investments

Investments consist of pooled investments held at the WSU Foundation and are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

6. Accounts receivable

Accounts receivable consist of pledge and grant receivables and unpaid underwriting. Past due accounts determined not to be collectible by management are charged off to expense. Accounts receivable at June 30, 2015 and 2014 are considered to be fully collectible.

7. Capital assets

Capital assets with a value equal or greater than \$5,000 are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of contributed assets. Other equipment valued at less than \$5,000 is reported as expense in the year of purchase or donation. Equipment is depreciated over its estimated useful life of 5 to 8 years, and building improvements are depreciated over 40 years. Expenditures for repairs and maintenance which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

8. Net position

Net position of KMUW is classified in three components. Net position invested in capital assets consist of equipment net of accumulated depreciation and reduced by related debt. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted. KMUW did not have any restricted net position at June 30, 2015 and 2014.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – continued

9. Operating revenues and expenses

KMUW's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from transactions associated with the management, scheduling, and broadcasting of radio programs, the station's principal activity. Wichita State University support is reported as nonoperating revenues. Operating expenses are all expenses incurred in the management, scheduling, and broadcasting of radio programs.

10. Grant revenue recognition

Receipts from CPB community service grants and KPBC (Kansas Public Broadcasting Council) operating grants, which are generally for unrestricted purposes, are recognized as revenue when received. Receipts from all other grants are recognized as revenue when the restricted reimbursable expenditures are incurred. Grants authorized but not received are reported as a receivable if the revenue recognition criterion has been met.

11. Deferred revenue

Deferred revenue represents grants and contract awards for which KMUW has not met all of the applicable eligibility requirements, and receipts for underwriting of future programming.

12. In-kind contributed support

The estimated fair value of donated materials and supplies is recorded as revenue and expense in the period when the items are received.

13. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited using methods estimated to be reasonable by management.

14. Indirect administrative support

KMUW occupies, without charge, certain premises located in and owned by the State of Kansas. The station's separate financial statements reflect, as nonoperating revenue and operating expense of an equal amount, indirect administrative support provided by the University. In addition to contributed facilities, such support includes direct and indirect expenses incurred by the University in support of station operations. The value of contributed facilities and administrative support is determined in accordance with CPB guidelines, which approximates fair value, and is reported and recognized in the period when the premises are used. Indirect administrative support amounted to \$368,633 and \$326,862 for the years ended June 30, 2015 and 2014, respectively.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – continued

15. Risk management

Wichita State University (and KMUW) is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The University, as a state educational institution of Kansas, is subject to the State of Kansas self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and the Board of Regents building, contents and business interruption insurance policy. The State of Kansas does not insure state-owned automobiles for bodily injury and property damages. Also, as a state educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance.

16. Income taxes

KMUW is exempt from federal income taxes under Wichita State University's exemption as a governmental instrumentality under Section 115 of the Internal Revenue Code on income related to its exempt purpose.

NOTE B - OWNERSHIP, CONTROL AND MANAGEMENT

KMUW is managed and controlled by Wichita State University. All land and structures pertinent to the operation of the station are owned by the State of Kansas and have not been reflected as assets in the accompanying statements.

NOTE C - POOLED INVESTMENTS

KMUW's investments have been included in a pooled investment account owned and managed by the WSU Foundation. The underlying securities are held by the investment's counterparty and not in the name of the station.

NOTE D - OPERATING LEASES

On KMUW's premises, there is a tower that is not sufficient for radio broadcasting. KMUW leases space on its tower to other entities through May 2020. The following is a schedule of future rentals on noncancelable operating leases:

Year ended June 30,	
2016	\$ 35,966
2017	33,866
2018	33,866
2019	30,959
2020	13,788
	<hr/>
	\$ 148,445
	<hr/>

NOTE E - ECONOMIC DEPENDENCY

As disclosed in Note A, KMUW is operated by Wichita State University from which the station receives substantial financial support. KMUW also receives substantial financial support from its members and contributors. Should a significant reduction in support from either source occur, KMUW operations would be adversely effected.

NOTE F - PENSION PLAN

Wichita State University maintains a qualified deferred compensation plan under section 403(b) of the Internal Revenue Code. The plan is a defined contribution plan. Under the plan, employees are required to defer 5.5% of their compensation after one year of service and the station contributes an additional 8.5%. KMUW's contributions to this plan totaled \$52,004 and \$39,598 for the years ended June 30, 2015 and 2014.

NOTE G - CAPITAL ASSETS

Capital assets consist of the following:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Broadcasting equipment	\$ 1,298,835	\$ -	\$ -	\$ 1,298,835
Accumulated depreciation	(922,251)	(66,405)	-	(988,656)
Net capital assets	<u>\$ 376,584</u>	<u>\$ (66,405)</u>	<u>\$ -</u>	<u>\$ 310,179</u>

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Broadcasting equipment	\$ 1,298,835		\$ -	\$ 1,298,835
Accumulated depreciation	(837,440)	(84,811)	-	(922,251)
Net capital assets	<u>\$ 461,395</u>	<u>\$ (84,811)</u>	<u>\$ -</u>	<u>\$ 376,584</u>

Equipment purchased with proceeds from two U. S. Department of Commerce Public Telecommunications Facilities Program grants, awarded in September 2005, is subject to a 10-year federal lien.

Other Supplementary Information

KMUW-FM Radio

(A public telecommunications entity operated
by Wichita State University, a component
unit of the State of Kansas)

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2015

	Program services				Supporting services				Grand Total
	Programming and production	Broadcasting and engineering	Program information and promotion	Total program services	Management and general	Fundraising and membership development	Underwriting and grant solicitation	Total supporting services	
Salaries and benefits	\$ 544,239	\$ 77,401	\$ 146,534	\$ 768,174	\$ 232,491	\$ 111,502	\$ 4,668	\$ 348,661	\$ 1,116,835
Programming provider fees									
National Public Radio	258,402	8,742	-	267,144	-	-	-	-	267,144
American Public Media	74,519	-	-	74,519	-	-	-	-	74,519
Public Radio International	33,061	-	-	33,061	-	-	-	-	33,061
Public Radio Exchange	6,574	-	-	6,574	-	-	-	-	6,574
Indirect administrative support	-	-	-	-	368,633	-	-	368,633	368,633
Corporate support consultant	-	-	-	-	-	-	152,305	152,305	152,305
Depreciation	-	66,405	-	66,405	-	-	-	-	66,405
Other	71,234	94,023	38,597	203,854	71,103	118,563	8,426	198,092	401,946
Total	\$ 988,029	\$ 246,571	\$ 185,131	\$ 1,419,731	\$ 672,227	\$ 230,065	\$ 165,399	\$1,067,691	\$ 2,487,422

KMUW-FM Radio

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unit of the State of Kansas)

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014

	Program services				Supporting services				Grand Total
	Programming and production	Broadcasting and engineering	Program information and promotion	Total program services	Management and general	Fundraising and membership development	Underwriting and grant solicitation	Total supporting services	
Salaries and benefits	\$ 461,188	\$ 73,039	\$ 72,952	\$ 607,179	\$ 173,031	\$ 91,136	\$ 4,767	\$ 268,934	\$ 876,113
Programming provider fees									
National Public Radio	234,074	8,300	-	242,374	-	-	-	-	242,374
American Public Media	71,538	-	-	71,538	-	-	-	-	71,538
Public Radio International	33,721	-	-	33,721	-	-	-	-	33,721
Public Radio Exchange	1,080	-	-	1,080	-	-	-	-	1,080
Indirect administrative support	-	-	-	-	326,862	-	-	326,862	326,862
Corporate support consultant	-	-	-	-	-	-	147,707	147,707	147,707
Depreciation	-	84,811	-	84,811	-	-	-	-	84,811
Other	<u>53,378</u>	<u>65,235</u>	<u>14,034</u>	<u>132,647</u>	<u>67,758</u>	<u>111,759</u>	<u>5,772</u>	<u>185,289</u>	<u>317,936</u>
Total	<u><u>\$ 854,979</u></u>	<u><u>\$ 231,385</u></u>	<u><u>\$ 86,986</u></u>	<u><u>\$ 1,173,350</u></u>	<u><u>\$ 567,651</u></u>	<u><u>\$ 202,895</u></u>	<u><u>\$ 158,246</u></u>	<u><u>\$ 928,792</u></u>	<u><u>\$ 2,102,142</u></u>

EL DORADO	112 EAST CENTRAL AVE.	EL DORADO, KS 67042-2151	316-321-1150
McALESTER	101 S. 2ND. STE. B	McALESTER, OK 74501-5345	918-426-1234
TUCSON	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
TULSA	8023 E. 63RD PL. STE 500	TULSA, OK 74133-1209	918-494-8700
WAGONER	611-D W. CHEROKEE ST.	WAGONER, OK 74467-4618	918-485-5531
WICHITA	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335