KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE
UNIVERSITY OF LOUISIANA AT LAFAYETTE
Lafayette, Louisiana

AUDIT REPORT
June 30, 2013

auld & ASSOCIATES
Certified Public Accountants
112 Fountain Bend Drive
Lafayette, Louisiana 70506
E-mail auldcpa@hotmail.com
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INDEPENDENT AUDITORS' REPORT

KRVS-FM Radio
University of Louisiana at Lafayette
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of KRVS-FM Radio (A Public Telecommunications Entity operated by the University of Louisiana at Lafayette), which comprise the Statement of Net Position as of June 30, 2013, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KRVS-FM Radio as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member Society of Louisiana Certified Public Accountants
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 – 4 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2013, on our consideration of KRVS-FM Radio’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering KRVS-FM Radio’s internal control over financial reporting and compliance.

AULD & ASSOCIATES

[Signature]

Certified Public Accountants

Lafayette, Louisiana
November 26, 2013
The following discussion and analysis is an overview of the financial position and activities of KRVS-FM Radio (KRVS) for the year ended June 30, 2013. Please read this document in conjunction with the information contained in the KRVS financial statements which follow this section.

FINANCIAL HIGHLIGHTS

KRVS’s assets exceeded liabilities at the close of fiscal year 2013 by $692,477.64, which represents an increase of $93,057.86 (or 15.52%) from the last fiscal year.

KRVS’s operating revenue decreased $244,522.41 (or 25.22%) while operating expenses decreased $253,959.66 (or 28.67%).

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of two sections

1. Management’s Discussion and Analysis (this section).
2. The basic financial statements (including the notes to the financial statements).

These 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.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for KRVS as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of KRVS is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how KRVS’s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how KRVS’s cash changed as a result of current year operations. The cash flow statement is prepared using the indirect method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities.
FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of June 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$245,207.88</td>
<td>$91,199.42</td>
</tr>
<tr>
<td>Equipment, net</td>
<td>$518,004.35</td>
<td>$530,500.63</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$763,212.23</td>
<td>$621,700.05</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$70,734.59</td>
<td>$22,280.27</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$70,734.59</td>
<td>$22,280.27</td>
</tr>
<tr>
<td>Net Position:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of debt</td>
<td>$518,004.35</td>
<td>$530,500.63</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$174,473.29</td>
<td>$68,919.15</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$692,477.64</td>
<td>$599,419.78</td>
</tr>
</tbody>
</table>

Statement of Revenues, Expenses and Changes in Net Position
As of June 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$725,139.56</td>
<td>$969,661.97</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$632,081.70</td>
<td>$866,041.36</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$ 93,057.86</td>
<td>$ 83,620.61</td>
</tr>
<tr>
<td>Nonoperating Revenues</td>
<td>0.00</td>
<td>40,000.00</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Position</td>
<td>$ 93,057.86</td>
<td>$123,620.61</td>
</tr>
<tr>
<td>Net Position, Beginning of Year</td>
<td>$599,419.78</td>
<td>$475,799.17</td>
</tr>
<tr>
<td>Net Position, End of Year</td>
<td>$692,477.64</td>
<td>$599,419.78</td>
</tr>
</tbody>
</table>

CAPITAL ASSETS

On June 30, 2013, KRVS had $518,004.35 net of accumulated depreciation of $411,391.10, invested in capital assets, all of which is equipment.

ECONOMIC FACTORS AND NEXT YEAR’S OPERATIONS

KRVS’s management considered the following factors and indicators when planning next year’s operations:

1. Impact from potential reductions in governmental funding sources.
2. Cost of living adjustments for salaries and other expenses.
3. Changing conditions in the broadcasting industry.

CONTACTING KRVS MANAGEMENT

This financial report is designed to provide our supporters and listeners with a general overview of KRVS’s finances and to show KRVS’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karl Fontenot, General Manager, KRVS, P.O. Box 42171, Lafayette, Louisiana, 70504.
KRV5-FM RADIO  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE  
Lafayette, Louisiana  
STATEMENT OF NET POSITION  
June 30, 2013

### ASSETS

<table>
<thead>
<tr>
<th>CURRENT ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$223,658.53</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>836.50</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>20,712.85</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>$245,207.88</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONCURRENT ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$929,395.45</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>411,391.10</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td><strong>518,004.35</strong></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**  
$763,212.23

### LIABILITIES AND NET POSITION

<table>
<thead>
<tr>
<th>CURRENT LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Revenue</td>
<td>$70,734.59</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>$70,734.59</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets</td>
<td>$518,004.35</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>174,473.29</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>692,477.64</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET POSITION**  
$763,212.23

See accountants' report and accompanying notes to financial statements.
KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE
Lafayette, Louisiana
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2013

OPERATING REVENUES
  Support from the University of Louisiana at Lafayette  $391,989.02
  Memberships and Contributions                      144,995.99
  Corporation for Public Broadcasting                100,738.68
  Local Grant                                        3,346.00
  Student Tuition Assessment                         17,756.54
  Underwriting                                       66,013.33
  Studio Rental                                      300.00
  TOTAL OPERATING REVENUES                          $725,139.56

OPERATING EXPENSES
  Program Services
    Programming and Production                       $240,425.34
    Broadcasting                                     183,307.22
    Total Program Services                           $423,732.56
  Supporting Services
    Management and General                          $208,349.14
    Total Supporting Services                       208,349.14
    TOTAL OPERATING EXPENSES                        $632,081.70

INCREASE IN NET POSITION
$  93,057.86

NET POSITION, BEGINNING OF YEAR
$ 599,419.78

NET POSITION, END OF YEAR
$ 692,477.64

See accountants' report and accompanying notes to financial statements.
**CASH FLOWS FROM OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Net Position</td>
<td>$ 93,057.86</td>
</tr>
<tr>
<td>Adjustments to Reconcile Increase in Net Position to Net Cash Provided by Operating Activities</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>34,131.42</td>
</tr>
<tr>
<td>Decrease in Grants Receivable</td>
<td>158.25</td>
</tr>
<tr>
<td>Decrease in Prepaid Expenses</td>
<td>6,780.67</td>
</tr>
<tr>
<td>Increase in Deferred Revenue</td>
<td>48,454.32</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

$182,582.52

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for Equipment</td>
<td>$(21,635.14)</td>
</tr>
</tbody>
</table>

**NET CASH USED BY INVESTING ACTIVITIES**

$(21,635.14)

**NET INCREASE IN CASH**

$160,947.38

**CASH AT BEGINNING OF YEAR**

$62,711.15

**CASH AT END OF YEAR**

$223,658.53

See accountants’ report and accompanying notes to financial statements.
NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

KRVS-FM Radio (the Station) is a public telecommunications entity operated by the University of Louisiana at Lafayette. Its purpose is to provide public radio programming and broadcasting in Lafayette, Louisiana and surrounding areas. The station is funded primarily by support from the University and by federal, state and local grants, as well as private sector memberships, contributions, and underwriting.

REPORTING ENTITY

KRVS-FM Radio is a departmental budget unit of the University of Louisiana at Lafayette. As such, the financial transactions of the Station are maintained in separate accounts by the University. The accompanying financial statements of the Station contain sub-account information of the University.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Station are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Station also applies all applicable pronouncements of the Financial Accounting Standards Board (FASB).

BASIS OF ACCOUNTING

The financial statements are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred.

ADOPTION OF NEW ACCOUNTING PRINCIPLE

For the year ended June 30, 2013, KRVS-FM Radio implemented GASB Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The effect of the implementation was to replace the term of net assets with net position.

USE OF 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 affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at fair market value at date of receipt. The radio station capitalizes all property and equipment with a cost, or value if donated, in excess of $1,000. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from five to thirty years. Expenses for repairs and maintenance are charged to operating expenses as incurred. Depreciation expense is $34,131.42 for the year ended June 30, 2013.
CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, demand deposits are considered cash.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the Statement of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs are allocated between the programs and supporting services benefited.

EVALUATION OF SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated for potential recognition or disclosure in the financial statements through November 26, 2013, the date the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK

KRVS cash accounts are maintained through a clearing account controlled by the University of Louisiana at Lafayette. Amounts in excess of federal insurance limits are insured in accordance with state law, which requires the financial institution to pledge securities to cover the excess.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of an amount due from Acadia Center for the Arts. This amount was received in September, 2013. Therefore, no allowance for uncollectible accounts has been recorded.

NOTE 4 – DONATED FACILITIES AND ADMINISTRATIVE SUPPORT

Donated facilities and administrative support from the University of Louisiana at Lafayette consist of office and studio space and an allocation of costs incurred by the University on behalf of the radio station. The following items are included in revenues and expenses:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, taxes, and benefits for the radio station's management and operations personnel</td>
<td>$225,787.72</td>
</tr>
<tr>
<td>Utilities for two transmitters</td>
<td>29,220.68</td>
</tr>
<tr>
<td>Land rent for radio tower (See Note 5)</td>
<td>100.00</td>
</tr>
<tr>
<td>Indirect administrative support</td>
<td>43,067.13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$298,175.53</strong></td>
</tr>
</tbody>
</table>

NOTE 5 – OPERATING LEASES

The University of Louisiana at Lafayette leases land for a radio tower from the Lafayette Parish School Board. The lease expires on July 31, 2015, and requires annual rent of one dollar. The lease is valued at $100.00 on the financial statements.

KRVS leases tower space from KLFY-TV10. The agreement is unwritten, on a month to month basis, and requires monthly rental payments of $1,193.00. Rental expense for the year ended June 30, 2013, is $14,316.00.
INDEPENDENT AUDITORS’ 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

KRVS-FM Radio
University of Louisiana at Lafayette
Lafayette, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of KRVS-FM Radio (A Public Telecommunications Entity operated by the University of Louisiana at Lafayette), which comprise the Statement of Net Position as of June 30, 2013, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated November 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KRVS-FM Radio’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 KRVS-FM Radio’s internal control. Accordingly, we do not express an opinion on the effectiveness of KRVS-FM Radio’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 a 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 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 KRVS-FM Radio'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

AULD & ASSOCIATES

Certified Public Accountants

Lafayette, Louisiana
November 26, 2013