
KTWU TELEVISION
A PUBLIC TELECOMMUNICATIONS
ENTITY OPERATED BY
WASHBURN UNIVERSITY OF TOPEKA
FINANCIAL STATEMENTS
JUNE 30, 2021

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Independent Auditors' Report

Board of Regents
Washburn University of Topeka
Topeka, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of KTWU Television, a Public Telecommunications Entity Operated by Washburn University of Topeka (KTWU) as of and for the years then ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the KTWU's 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KTWU, as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the KTWU's financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RubinBrown LLP

January 13, 2022

KTWU TELEVISION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY WASHBURN UNIVERSITY OF TOPEKA

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (MD&A) provides an overview of the financial performance and activities of KTWU Television (KTWU or “the Station”) during the year ended June 30, 2021 and comparative data for the fiscal years ended June 30, 2020 and 2019. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with them. Management is responsible for the objectivity and integrity of the accompanying financial statements and notes and for this discussion and analysis.

Management is also responsible for maintaining the Station’s system of internal control, which includes careful selection and development of employees, proper division of duties, and written accounting and operating policies and procedures. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes the Station’s system provides reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Reporting Entity

KTWU is Kansas’ first non-commercial educational television station, providing over 50 years of service to varying communities. The Station’s viewing area serves 39 counties in northeast Kansas, reaching citizens from the Nebraska border and portions of Missouri. KTWU broadcasts three streams of television content 24 hours a day, providing a diversified service of digital programming for children, adult learners, educators and general audience viewing. KTWU serves over 152,000 households in the 141st designated market area according to Nielsen’s station index and is licensed to Washburn University of Topeka (Washburn or “the University”).

Using the Financial Statements

The Station’s financial statements are presented in a “business type activity” format, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. In addition to the MD&A, this pronouncement requires the following in a financial report:

- Statement of Net Position;
- Statement of Revenues, Expenses and Changes in Net Position;
- Statement of Cash Flows; and
- Notes to Financial Statements.

KTWU TELEVISION

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Management's Discussion and Analysis (*Continued*)

The Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows provide information on the Station as a whole and present a long-term view of its finances. These statements present financial information in a form similar to that used by private corporations. In addition to the required information noted above, this report contains required supplementary information.

Change in Accounting Principle

In an effort to adopt best practice, Washburn discontinued reporting "Interest in the Net Assets of the Washburn University Foundation" during Fiscal Year 2019. Doing so resulted in a \$768,908 adjustment to KTWU's beginning Net Position, but it allowed for its financial statement presentation to be more consistent with its peers and more closely align its reporting practices with those of the *Governmental Accounting Standards Board*. Legal title to the underlying assets remains with the Washburn University Foundation, and they will continue to be reported on its financial statements.

Financial Highlights for the Fiscal Year Ended June 30, 2021

KTWU ended the year with total assets of \$4,320,509 and liabilities of \$202,009 compared to \$3,796,742 and \$245,621, respectively, at June 30, 2020. Net position, which represents the residual interest in KTWU's assets after liabilities are deducted, was \$4,118,500 at June 30, 2021, an increase of \$567,379 from last year's net position of \$3,551,121.

Operating revenues were \$288,810 and operating expenses were \$3,657,523 resulting in a loss from operations of \$3,368,713. GASB Statement No. 34 requires the state operating grant and community service and interconnection grants from the Corporation for Public Broadcasting (CPB) to be classified as nonoperating revenues. As a result, the Station reports a net operating loss. This net operating loss does not present a complete picture of the Station's operations.

Such a complete picture of operations requires consideration of nonoperating revenues. For the year ended June 30, 2021, nonoperating revenues were \$3,936,092, which, when combined with the loss from operations, resulted in an overall increase of \$567,379 in net position, compared to an increase of \$19,199 for the year ended June 30, 2020.

Statement of Net Position

The Statement of Net Position is the Station's balance sheet, presenting the financial position of KTWU at the end of the fiscal year. It includes all assets, liabilities, deferred outflows and inflows of resources, and net position of the Station. Net position is one indicator of the current financial condition of KTWU, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. The primary exception is capital assets, which are stated at historical cost, net of accumulated depreciation.

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Management's Discussion and Analysis (*Continued*)

A condensed comparison of the Station's assets, liabilities and net position as of June 30, 2021, 2020 and 2019 is presented below:

Condensed Statements of Net Position As of June 30, 2021, 2020 and 2019

	2021	2020	2019
Assets:			
Current assets	\$ 1,363,203	\$ 926,592	\$ 612,216
Other assets	923,328	776,822	841,440
Capital assets, net	2,033,978	2,093,328	2,222,389
Total Assets	4,320,509	3,796,742	3,676,045
Liabilities:			
Current liabilities	202,009	245,621	144,123
Total Liabilities	202,009	245,621	144,123
Net Position:			
Net investment in capital assets	2,033,978	2,093,328	2,222,389
Restricted - nonexpendable	735,346	607,164	700,891
Restricted - expendable	41,974	42,052	39,486
Unrestricted	1,307,202	808,577	569,156
Total Net Position	\$ 4,118,500	\$ 3,551,121	\$ 3,531,922

Assets

Significant assets consist of cash, receivables, restricted investments managed by Washburn University Foundation, and capital assets.

Current assets, which consisted primarily of cash, receivables, and prepaid expenses, totaled \$1,363,203, \$926,592, and \$612,216, respectively, at June 30, 2021, 2020 and 2019. Total current assets at June 30, 2021, 2020 and 2019 covered current liabilities 6.8, 3.8, and 4.3 times, respectively, an indicator of good liquidity. Capital assets, which represented 47.1%, 55.1%, and 60.5% of total assets at June 30, 2021, 2020 and 2019, respectively, represent the assets' historical cost net of accumulated depreciation.

Liabilities

Significant liabilities include accounts payable, accrued payroll, compensated absences, and unearned revenue.

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Management's Discussion and Analysis (*Continued*)

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, presents KTWU's equity in capital assets – the property, plant and equipment owned by KTWU, net of the indebtedness relating to capital assets.

The next category is restricted net position, which is further divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources (endowment funds) is only available for investment purposes.

Expendable restricted net position is subject to externally-imposed restrictions governing its use. This category of net position includes earnings from permanent endowment funds that can be reinvested to protect future purchasing power or spent, but only in accordance with restrictions imposed by donors and/or external parties that have placed time or purpose restrictions on the use of the assets. This category of net position includes funds held for the purchase of digital television equipment, grants received and funds for special projects.

The final category is unrestricted net position. Unrestricted net position is available for use by KTWU for any legal purpose.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position presented on the Statement of Net Position result from the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned and the expenses incurred by KTWU, both operating and nonoperating, and any other revenues, expenses, gains and losses earned or incurred by the Station. Under the accrual basis of accounting, all of the current year's revenues and expenses are considered regardless of when cash is received or paid.

Generally speaking, operating revenues are received for providing goods and services to the viewers and various constituencies of KTWU. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of KTWU. Nonoperating revenues are revenues earned for which goods and services are not provided. For example, the state operating grant and the CPB community service and interconnection grants are nonoperating because they represent revenue provided to KTWU for which no goods or services are provided by KTWU to the state or to CPB.

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Management's Discussion and Analysis (*Continued*)

The statements below provide an illustration of revenues by source (both operating and nonoperating), which were used to fund KTWU's activities for the years ended June 30, 2021, 2020 and 2019.

Condensed Statement of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
Operating revenues	\$ 288,810	\$ 385,969	\$ 435,953
Operating expenses	3,657,523	3,835,348	3,689,257
	(3,368,713)	(3,449,379)	(3,253,304)
Nonoperating revenues and expenses	3,936,092	3,468,578	3,315,081
Change in net position	567,379	19,199	61,777
Net position at beginning of year	3,551,121	3,531,922	4,239,053
Change in accounting principle	—	—	(768,908)
Net position at end of year	\$ 4,118,500	\$ 3,551,121	\$ 3,531,922

Fiscal Year 2021 Compared to Fiscal Year 2020

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of \$567,379 during the year ended June 30, 2021, compared to an increase in net position of \$19,199 during fiscal year 2020. Some highlights of the information in this statement follows.

Revenues

Revenues totaled \$4,224,902 and \$3,854,547 for the years ending June 30, 2021 and 2020, respectively. Although the pandemic contributed to revenues being down in some categories during fiscal year 2020, KTWU received \$260,205 in CARES Act stabilization funding from the CPB, which helped offset that. Overall, KTWU's revenues increased \$370,355 from fiscal year 2020 to 2021.

The community service grant and the interconnection grant received from CPB, memberships, and contributions comprised 59.5% of KTWU's revenue for the year ended June 30, 2021, compared to 58.8% for the year ended June 30, 2020. State and local funds accounted for 15.1% of revenue for the year ended June 30, 2021, compared to 14.3% for the year ended June 30, 2020.

KTWU continues its efforts to increase its revenue, along with pursuing cost containment initiatives. This is necessary as the public television funding at the federal and state levels is being cut. Equipment originally purchased for the conversion to digital programming is aging and the cost of maintenance and replacement on the digital equipment is greater than that on analog equipment. Programming is another area where KTWU expects costs to increase, mainly due to the fact that producing and purchasing digital programming is greater than that of analog programming.

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Management's Discussion and Analysis (*Continued*)

Expenses

Operating expenses totaled \$3,657,523 and \$3,835,348 for the years ending June 30, 2021 and 2020, respectively. The \$177,825 decrease is attributable primarily to a decrease in fundraising and membership development expenses and management and general expenses.

Program services expenses (programming and production, broadcasting, and program information and promotion) accounted for 54.5% of KTWU's expenses for the year ended June 30, 2021, compared to 53.4% for the year ended June 30, 2020. Support services expenses (management and general, fundraising, underwriting and depreciation) accounted for 45.5% of expenses for the year ended June 30, 2021 compared to 46.6% for the year ended June 30, 2020.

Fiscal Year 2020 Compared to Fiscal Year 2019

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of \$19,199 during the year ended June 30, 2020, compared to \$61,777 during fiscal year 2019. Some highlights of the information in this statement follows.

Revenues

Revenues totaled \$3,854,547 and \$3,751,034 for the years ending June 30, 2020 and 2019, respectively. The \$103,513 increase is attributable primarily to an increase in production assistance revenue, as well as increases in contributions from foundations and businesses and state and local governments.

The community service grant and the interconnection grant received from CPB, memberships, and contributions comprised 58.8% of KTWU's revenue for the year ended June 30, 2020, compared to 53.5% for the year ended June 30, 2019. State and local funds accounted for 14.3% of revenue for the year ended June 30, 2020, compared to 14.4% for the year ended June 30, 2019.

Expenses

Operating expenses totaled \$3,835,348 and \$3,689,257 for the years ending June 30, 2020 and 2019, respectively. The \$146,091 increase is attributable primarily to an increase in programming and production.

Program services expenses (programming and production, broadcasting, and program information and promotion) accounted for 53.4% of KTWU's expenses for the year ended June 30, 2020, compared to 55.6% for the year ended June 30, 2019. Support services expenses (management and general, fundraising, underwriting and depreciation) accounted for 46.6% of expenses for the year ended June 30, 2020 compared to 44.4% for the year ended June 30, 2019.

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Management's Discussion and Analysis (*Continued*)

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing KTWU's ability to generate net cash flows, its ability to meet its obligations as they come due and its need for external funding.

The Statement of Cash Flows is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of KTWU. The second section reflects cash flows from financing activities. This section reflects the cash received and spent for nonoperating, noninvesting and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used in acquisition, construction and financing of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Even though GASB No. 34 treats the majority of KTWU's revenue (including CPB grants, state and local funds and memberships) as nonoperating revenues, these cash flows are critical to funding the operations of KTWU.

Condensed Statement of Cash Flows For the Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
Cash provided by (used in):			
Operating activities	\$ (2,713,526)	\$ (2,571,403)	\$ (2,403,767)
Noncapital financing activities	3,196,781	2,803,996	2,580,493
Capital and related financing activities	(162,542)	(75,831)	(118,966)
Investing activities	116,390	157,148	218,154
Net change in cash	437,103	313,910	275,914
Cash - Beginning of Year	787,737	473,827	197,913
Cash - End of Year	\$ 1,224,840	\$ 787,737	\$ 473,827

Fiscal Year 2021 Compared to Fiscal Year 2020

Significant sources of cash were membership contributions, CPB Community Service and Interconnection grants and underwriting received from foundations, businesses and non-profit organizations. Significant uses of cash were payments to suppliers and payments to employees.

The cash position of KTWU increased by \$437,103 and \$313,910 for the fiscal years ended June 30, 2021 and 2020, respectively.

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Management's Discussion and Analysis (*Continued*)

Fiscal Year 2020 Compared to Fiscal Year 2019

Significant sources of cash were membership contributions, CPB Community Service and Interconnection grants and underwriting received from foundations, businesses and non-profit organizations. Significant uses of cash were payments to suppliers and payments to employees.

The cash position of KTWU increased by \$313,910 and \$275,914 for the fiscal years ended June 30, 2020 and 2019, respectively. The increase was attributable to the timing of receipt of private funds from the Washburn University Foundation.

Capital Assets

KTWU had a decrease in capital assets during fiscal years 2021 and 2020 of \$59,350 and \$129,061, respectively. At June 30, 2021, KTWU had \$2.03 million invested in capital assets, net of accumulated depreciation, compared to \$2.09 million and \$2.22 million at June 30, 2020 and 2019, respectively. Depreciation charges totaled \$221,892 for the fiscal year ended June 30, 2021, compared to \$204,892 and \$198,456 for the fiscal years ended June 30, 2020 and 2019, respectively. Details of these assets are as follows:

Condensed Statement of Capital Assets, Net of Depreciation
As of June 30, 2021, 2020 and 2019

	2021	2020	2019
Land	\$ 27,176	\$ 27,176	\$ 27,176
Buildings and towers	1,635,491	1,738,340	1,841,190
Transmitter and antenna	71,078	114,549	158,020
Transmission and broadcast equipment	232,044	147,811	101,257
Office equipment	68,189	65,452	94,746
	<u>\$ 2,033,978</u>	<u>\$ 2,093,328</u>	<u>\$ 2,222,389</u>

There were no major capital additions during the fiscal years ended June 30, 2021, 2020 and 2019.

Economic Outlook

The current economy, new technology, and changes in consumer preferences for accessing and consuming educational, informational and entertainment content continually affect KTWU. Accordingly, management makes strategic changes each year to ensure the financial health of the Station. KTWU enjoys great community support, a strong base of volunteers and a well-trained staff of professionals. The Station's viewing audience, which has been steady over recent years, is now seeing increases in younger, cable cord-cutters watching on a regular basis.

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Management's Discussion and Analysis (*Continued*)

KTWU continues to be entrepreneurial in its efforts to increase revenue through membership drives, corporate underwriting and its annual auction. In recent years, KTWU has increased its receipt of competitive grants and has begun to distribute more national programming to other PBS stations as a way to create new revenue. Additionally, KTWU institutes strategic cost-cutting methods with each budget cycle.

In the past few years, new entrants into the content creation and delivery landscape have begun to impact the broadcast industry. Mergers, acquisitions and innovative ways of delivery of original content by larger conglomerates have impacted the competitive landscape.

KTWU is not aware of any currently known facts, decisions or conditions expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

As management wrestles with today's uncertain economic factors, KTWU's prudent use of resources, cost containment efforts and enhancement of its revenue sources will strengthen KTWU and ensure it is well positioned to take advantage of future opportunities.

Requests For Information

This financial report is designed to provide the reader a general overview of the Station's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Luther Lee, Director of Finance and Controller, Washburn University, 1700 SW College Ave., Topeka, Kansas 66621.

KTWU TELEVISION
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STATEMENTS OF NET POSITION

Assets

	June 30,	
	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 1,224,840	\$ 787,737
Accounts receivable	86,715	122,366
Prepaid expenses	49,548	14,389
Prepaid lease	2,100	2,100
Total Current Assets	1,363,203	926,592
Noncurrent Assets:		
Receivable from Washburn University Foundation	913,703	765,097
Prepaid lease and extended lease	9,625	11,725
Capital assets, net	2,033,978	2,093,328
Total Noncurrent Assets	2,957,306	2,870,150
Total Assets	\$ 4,320,509	\$ 3,796,742

Liabilities And Net Position

Current Liabilities:		
Accounts payable	\$ 40,790	\$ 87,664
DTV loan from State of Kansas	—	—
Unearned revenue	29,792	28,215
Accrued payroll	32,638	30,172
Compensated absences	98,789	99,570
Total Current Liabilities	202,009	245,621
Net Position:		
Net investment in capital assets	2,033,978	2,093,328
Restricted for		
Nonexpendable		
Endowments (gift value)	735,346	607,164
Expendable		
Other	41,974	42,052
Unrestricted	1,307,202	808,577
Total Net Position	\$ 4,118,500	\$ 3,551,121

KTWU TELEVISION
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STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

	For The Years	
	Ended June 30,	
	2021	2020
Operating Revenues:		
Auction and special fundraising events	\$ 73,465	\$ 98,711
Tower lease payments	174,258	184,462
Production assistance	30,858	68,944
Miscellaneous operating revenues	10,229	33,852
Total Operating Revenues	288,810	385,969
Operating Expenses:		
Support services		
Management and general	849,541	949,415
Fundraising and membership development	498,685	545,362
Underwriting and grant solicitation	93,128	86,699
Program services		
Programming and production	1,227,539	1,218,867
Broadcasting	597,816	658,022
Program information and promotion	168,922	172,091
Depreciation	221,892	204,892
Total Operating Expenses	3,657,523	3,835,348
Operating Loss	(3,368,713)	(3,449,379)
Nonoperating Revenues:		
Community services and interconnection grants from		
Corporation for Public Broadcasting	1,364,759	1,053,777
State and local funds	636,850	550,084
Federal grants	32,370	—
Foundations, business and industry and		
other contributions	295,658	329,586
Memberships and subscriptions	852,546	883,769
Donated facilities and administrative support		
from Washburn University of Topeka	488,913	556,732
Investment income	264,996	94,630
Total Nonoperating Revenues	3,936,092	3,468,578
Change in Net Position	567,379	19,199
Net Position - Beginning of Year	3,551,121	3,531,922
Net Position - End of Year	\$ 4,118,500	\$ 3,551,121

KTWU TELEVISION
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STATEMENTS OF CASH FLOWS

	For The Years	
	Ended June 30,	
	2021	2020
Cash Flows from Operating Activities		
Other operating revenues	\$ 311,441	\$ 429,321
Payments to suppliers	(1,407,574)	(1,340,475)
Payments to employees	(1,617,393)	(1,660,249)
Net Cash Used in Operating Activities	(2,713,526)	(2,571,403)
Cash Flows Provided by Investing Activities		
Interest and dividends received	116,390	157,148
Cash Flows from Noncapital Financing Activities		
CPB funds, state and local funds	2,033,979	1,604,261
Underwriting and other revenues	295,658	329,586
Memberships and subscriptions	867,144	870,149
Net Cash Provided by Noncapital Financing Activities	3,196,781	2,803,996
Cash Flows Used in Capital and Related Financing Activities		
Purchases of capital assets & related activities	(162,542)	(75,831)
Change in Cash and Cash Equivalents	437,103	313,910
Cash and Cash Equivalents - Beginning of Year	787,737	473,827
Cash and Cash Equivalents - End of Year	\$ 1,224,840	\$ 787,737
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (3,368,713)	\$ (3,449,379)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	221,892	204,892
Donated facilities and administrative support from Washburn University of Topeka	488,913	556,732
Changes in assets and liabilities:		
Accounts receivable	21,053	18,913
Prepaid expenses and other assets	(33,059)	(4,059)
Accounts payable	(46,874)	68,820
Accrued payroll and compensated absences	1,685	8,239
Unearned revenue	1,577	24,439
Net Cash Used in Operating Activities	\$ (2,713,526)	\$ (2,571,403)
Noncash Investing and Financing Activities		
Change in fair value of investments	\$ 148,606	\$ (62,518)

KTWU TELEVISION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 And 2020

1. Nature of Operations and Summary of Significant Accounting Policies

The accounting policies of KTWU Television (KTWU or “the Station”) conform to U.S. generally accepted accounting principles applicable to state and local governments engaged only in business-type activities, as adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

KTWU is licensed to Washburn University of Topeka (the University) and operated as a separate department of the University. All amounts contained in this report are included in the audited financial statements of the University, as of and for the years ended June 30, 2021 and 2020.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred or a benefit has been received, regardless of the timing of related cash flows.

KTWU distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions, such as providing and receiving goods and services in connection with ongoing operations. The principal operating revenues of KTWU are from auction and fundraising activities, lease of tower space, and production assistance. Operating expenses include the costs of providing the various programs, administrative expenses and depreciation on capital assets.

Certain significant revenues relied upon for operations, such as grants, contributions, memberships and subscriptions, do not result from exchange transactions and are recorded as nonoperating revenues. These revenues are recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, where KTWU must provide local resources to be used for a specified purpose; and expenditure requirements, where the resources are provided to KTWU on a reimbursement basis.

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Notes to Financial Statements (*Continued*)

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 programming and support services benefited based on total personnel costs or other systematic bases.

Cash and Cash Equivalents

KTWU participates in a pooled cash account with the University.

Fair Value Reporting

KTWU categorizes its fair value measurements applicable for reporting its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. At June 30, 2021 and 2020, KTWU held no investments that required such presentation.

Accounts Receivable

Accounts receivable are carried at the original amount. Management considers all receivables to be collectible. Accordingly, no allowance for doubtful accounts has been established. Receivables are charged off when deemed uncollectible. Recoveries of receivables previously charged off are recorded as revenue when received.

Restricted Investments Managed by Washburn University Foundation

Washburn University Foundation (the Foundation), an affiliate of Washburn University of Topeka, holds investments designated for KTWU. The funds are included in the pooled investments of the Foundation. Fair value is determined by multiplying the fair value per share by the number of shares owned by KTWU as determined by the Foundation. These amounts are presented as Receivable from Washburn University Foundation.

Capital Assets

Capital assets, including projects in progress, are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. When assets are sold, the gain or loss on the sale is recorded as nonoperating gains or losses.

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Notes to Financial Statements (*Continued*)

KTWU's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are:

Buildings, improvements and infrastructure	40 years
Transmitters and antenna	20 years
Transmission and broadcasting equipment	3 - 10 years
Furniture and equipment	3 - 10 years

Compensated Absences

The University provides paid vacation and sick leave to KTWU employees on an annual basis. The provision for and accumulation of vacation and sick leave is based upon employment classification. Employees are paid for accumulated vacation leave when employment is terminated. Employees are not paid for accumulated sick leave upon termination.

Net Position

KTWU's net position is classified as follows:

Net Investment in Capital Assets

This represents KTWU's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted Net Position - Nonexpendable

This represents gifts that have been received for endowment purposes, the corpus of which cannot be expended.

Restricted Net Position - Expendable

This includes resources that KTWU is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is KTWU's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Unrestricted Net Position

This includes resources derived from state appropriations and other resources that do not have restrictions imposed by external third parties. These resources are used for transactions relating to general operations of KTWU.

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Notes to Financial Statements (*Continued*)

Retirement Plan

The University provides retirement benefits for all of KTWU's employees who meet eligibility requirements, through individual annuities with TIAA-CREF. Retirement benefits equal the amount accumulated to each employee's credit at the date of retirement. The costs of the Plan are shared by the University and the employees. Total expenses paid by the University for KTWU employees amounted to \$110,844 and \$110,981 for the years ended June 30, 2021 and 2020, respectively.

In-kind Contributions

Donated facilities from Washburn University of Topeka consist of office and studio space, together with related occupancy costs, and are recorded in revenue and expense on the Statements of Revenues, Expenses and Changes in Net Position in the amount of \$488,913 and \$556,732 for the years ended June 30, 2021 and 2020, respectively. Occupancy and administrative costs are based on estimated fair values.

Income Taxes

As KTWU is part of the University, it is exempt from income taxes. However, income from certain activities not directly related to the University's tax-exempt purpose is subject to taxation as unrelated business income.

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 that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Cash and Investments

The University maintains a cash and investment pool that is available for use by the Station.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. KTWU's deposit policy for custodial credit risk requires compliance with the provisions of state law.

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Notes to Financial Statements (*Continued*)

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Kansas; bonds of any city, county, school district or special road district of the State of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2021 and 2020, KTWU's cash and cash equivalents were held in financial institutions. KTWU had no bank balances exposed to custodial credit risk at June 30, 2021 and 2020.

Investments

KTWU may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements and in mutual funds. It may also invest to a limited extent in corporate bonds and equity securities.

Custodial credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. KTWU had no investments exposed to custodial credit risk at June 30, 2021 and 2020. KTWU currently does not maintain a formal investment policy that addresses credit or interest rate risk. However, management believes KTWU has complied with the State of Kansas' statutes and regulations regarding investment activity.

3. Receivable from Washburn University Foundation

Receivable from Washburn University Foundation consists of KTWU's participation in investments managed by the Foundation in the amount of \$913,703 and \$765,097 at June 30, 2021 and June 30, 2020, respectively. As KTWU does not have title to these investments and their participation is not evidenced by a security agreement that can be exchanged or sold in an open market, its share of the Foundation's investments is recorded as a receivable from the Foundation.

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Notes to Financial Statements (*Continued*)

5. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021 follows:

	2021				Balance - June 30, 2021
	Balance - July 1, 2020	Additions	Projects in Progress	Retirements/ Adjustments	
Capital assets, not being depreciated					
Land	\$ 27,176	\$ —	\$ —	\$ —	\$ 27,176
Total capital assets, not being depreciated	27,176	—	—	—	27,176
Capital assets, being depreciated					
Buildings, tower and improvements	3,967,883	—	—	—	3,967,883
Transmitters and antenna	936,271	—	—	—	936,271
Transmitters and broadcast equipment	5,805,883	129,706	—	—	5,935,589
Furniture and equipment	740,304	32,836	—	—	773,140
Total capital assets, being depreciated	11,450,341	162,542	—	—	11,612,883
Less accumulated depreciation for					
Buildings, tower and improvements	(2,229,543)	(102,849)	—	—	(2,332,392)
Transmitters and antenna	(821,722)	(43,471)	—	—	(865,193)
Transmitters and broadcast equipment	(5,658,072)	(45,473)	—	—	(5,703,545)
Furniture and equipment	(674,852)	(30,099)	—	—	(704,951)
Total accumulated depreciation	(9,384,189)	(221,892)	—	—	(9,606,081)
Total capital assets being depreciated, net	2,066,152	(59,350)	—	—	2,006,802
Total capital assets	\$ 2,093,328	\$ (59,350)	\$ —	\$ —	\$ 2,033,978

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Notes to Financial Statements *(Continued)*

A summary of changes in capital assets for the year ended June 30, 2020 follows:

	2020				Balance - June 30, 2020
	Balance - July 1, 2019	Additions	Projects in Progress	Retirements/ Adjustments	
Capital assets, not being depreciated					
Land	\$ 27,176	\$ —	\$ —	\$ —	\$ 27,176
Total capital assets, not being depreciated	27,176	—	—	—	27,176
Capital assets, being depreciated					
Buildings, tower and improvements	3,967,883	—	—	—	3,967,883
Transmitters and antenna	936,271	—	—	—	936,271
Transmitters and broadcast equipment	5,730,052	75,831	—	—	5,805,883
Furniture and equipment	740,304	—	—	—	740,304
Total capital assets, being depreciated	11,374,510	75,831	—	—	11,450,341
Less accumulated depreciation for					
Buildings, tower and improvements	(2,126,693)	(102,850)	—	—	(2,229,543)
Transmitters and antenna	(778,251)	(43,471)	—	—	(821,722)
Transmitters and broadcast equipment	(5,628,795)	(29,277)	—	—	(5,658,072)
Furniture and equipment	(645,558)	(29,294)	—	—	(674,852)
Total accumulated depreciation	(9,179,297)	(204,892)	—	—	(9,384,189)
Total capital assets being depreciated, net	2,195,213	(129,061)	—	—	2,066,152
Total capital assets	\$ 2,222,389	\$ (129,061)	\$ —	\$ —	\$ 2,093,328

6. Leases

KTWU rents certain space on its broadcast towers to outside parties, with leases running through May 2027. Total rents received under these agreements amounted to \$174,258 and \$184,462 for 2021 and 2020, respectively.

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Notes to Financial Statements (*Continued*)

Remaining future minimum receipts under these lease agreements at June 30, 2021 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 153,481
2023	119,358
2024	82,965
2025	73,230
2026	64,362
Thereafter	22,831
	<u>\$ 516,227</u>

7. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosures of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Major Funding

During fiscal years 2021 and 2020, KTWU received approximately 32.3% and 27.3%, respectively, of its operating and nonoperating revenues from the Corporation for Public Broadcasting.

Risk Management

KTWU 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 illness, natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits. There have not been significant reductions in coverage from prior years. Washburn University has established a fund for health insurance. The health insurance program began in November 2002 for all University employees.

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Notes to Financial Statements (*Continued*)

8. COVID-19

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses and individuals throughout the United States. Further, financial markets have recently experienced significant volatility attributed to COVID-19 concerns. The continued spread of COVID-19 may adversely impact the local, regional, and national economics. The extent to which COVID-19 impacts KTWU's financial results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent upon the breadth and duration of any forthcoming outbreaks, and the agility of KTWU's response to the changing needs of our students and staff. Accordingly, management cannot presently estimate the overall operational and financial impact to KTWU, but such an impact could have a material adverse effect on the financial condition of KTWU.

Supplementary Information

KTWU TELEVISION
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SCHEDULE OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	Support Services			Program Services			2021	2020	
	Management and General	Fundraising		Underwriting and Grant Solicitation	Programming and Production	Broadcasting			Program Information and Promotion
		and Membership Development	and						
Salaries and employee benefits	\$ 277,942	\$ 321,891	\$ 91,168	\$ 495,724	\$ 355,147	\$ 77,206	\$ 1,619,078	\$ 1,668,489	
Donated facilities and administrative support	458,433	—	—	—	30,480	—	488,913	556,732	
Professional services	4,515	20,337	—	38,176	19,908	5,740	88,675	125,256	
Telephone and fax	11,869	—	—	1,439	1,424	—	14,732	15,298	
Postage and freight	951	16,273	1,904	3,936	20	2,178	25,262	27,129	
Printing and copier	138	532	32	1,284	—	212	2,197	2,971	
Materials and supplies	10,401	49,196	—	18,734	15,869	14,801	109,001	141,942	
Dues	41,334	—	—	45,942	1,771	22,888	111,936	107,306	
Program expenses	—	—	—	559,615	—	—	559,615	549,166	
Equipment and equipment rent	7,368	701	—	27,612	37,175	234	73,091	45,606	
Equipment repair and maintenance	7,185	—	—	—	28,392	—	35,577	23,594	
Computer equipment and software	—	529	—	21,559	19,264	—	41,352	16,325	
Vehicle expense	1,071	—	—	—	1,787	—	2,858	1,415	
Credit card expense	—	14,482	—	—	—	—	14,482	16,172	
Utilities, trash hauling and insurance	7,175	—	—	—	59,796	—	66,971	106,891	
Buildings and grounds	4,772	18	—	36	15,109	—	19,933	38,351	
Travel	573	304	25	450	—	—	1,352	46,478	
Marketing and advertising	9,693	65,657	—	6,425	—	45,663	127,438	112,620	
Other expenses	6,123	8,764	—	6,608	11,673	—	33,168	28,715	
Total Support And									
Program Services - 2021	\$ 849,541	\$ 498,685	\$ 93,128	\$ 1,227,540	\$ 597,816	\$ 168,922	\$ 3,435,631	\$ 3,630,456	
Total Support And									
Program Services - 2020	\$ 949,415	\$ 545,362	\$ 86,699	\$ 1,218,867	\$ 658,022	\$ 172,091			