
KTWU TELEVISION
A PUBLIC TELECOMMUNICATIONS
ENTITY OPERATED BY
WASHBURN UNIVERSITY OF TOPEKA
FINANCIAL STATEMENTS
JUNE 30, 2023

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Independent Auditors' Report

Board of Regents
Washburn University of Topeka
Topeka, Kansas

Opinions

We have audited the financial statements of KTWU Television, a Public Telecommunications Entity Operated by Washburn University of Topeka (KTWU), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise KTWU's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KTWU as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of KTWU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KTWU's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

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 4 through 13 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 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 12, 2024

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, 2023 and comparative data for the fiscal years ended June 30, 2022 and 2021. 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.

Financial Highlights For The Fiscal Year Ended June 30, 2023

KTWU ended the year with total assets of \$4,933,983 and liabilities of \$183,679 compared to \$4,993,702 and \$137,548, respectively, at June 30, 2022. Net position, which represents the residual interest in KTWU's assets after liabilities are deducted, was \$3,892,372 at June 30, 2023, an increase of \$28,394 from last year's net position of \$3,863,978.

Operating revenues were \$359,627 and operating expenses were \$3,822,375 resulting in a loss from operations of \$3,462,748. 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, 2023, nonoperating revenues were \$3,491,142, which, when combined with the loss from operations, resulted in an overall increase of \$28,394 in net position, compared to a decrease of \$262,697 for the year ended June 30, 2022.

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, 2023, 2022 and 2021 is presented below:

Condensed Statements Of Net Position As Of June 30, 2023, 2022 And 2021

	2023	2022	2021
Assets:			
Current assets	\$ 1,680,987	\$ 1,417,767	\$ 1,479,484
Other assets	1,572,124	1,673,192	1,662,891
Capital assets, net	1,680,872	1,902,743	2,033,978
Total Assets	4,933,983	4,993,702	5,176,353
Current Liabilities	183,679	137,548	202,009
Deferred Inflows Of Resources	857,932	992,176	847,669
Net Position:			
Net investment in capital assets	1,680,872	1,902,743	2,033,978
Restricted - nonexpendable	633,946	616,398	735,346
Restricted - expendable	50,046	45,145	41,974
Unrestricted	1,527,508	1,299,692	1,315,377
Total Net Position	\$ 3,892,372	\$ 3,863,978	\$ 4,126,675

Assets

Significant assets consist of cash, receivables, restricted investments managed by Washburn University Foundation, interest in the net assets of Washburn University Foundation (fiscal year 2018), and capital assets.

Current assets, which consisted primarily of cash, receivables, and prepaid expenses, totaled \$1,680,987, \$1,417,767, and \$1,479,484, respectively, at June 30, 2023, 2022 and 2021. Total current assets at June 30, 2023, 2022 and 2021 covered current liabilities 9.2, 10.3, and 7.3 times, respectively, an indicator of good liquidity. Capital assets, which represented 34.1%, 38.1%, and 39.3% of total assets at June 30, 2023, 2022 and 2021, respectively, represent the assets' historical cost net of accumulated depreciation.

Liabilities

Significant liabilities include accounts payable, accrued payroll, compensated absences, unearned revenue, deferred lease inflows, and a loan from the State of Kansas (fiscal year 2018) used to purchase digital television transmission equipment.

KTWU TELEVISION

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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.

KTWU TELEVISION

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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, 2023, 2022 and 2021:

**Condensed Statement Of Revenues, Expenses And Changes In Net Position
For The Years Ended June 30, 2023, 2022 And 2021**

	2023	2022	2021
Operating revenues	\$ 359,627	\$ 281,815	\$ 280,009
Operating expenses	3,822,375	3,715,955	3,657,523
	(3,462,748)	(3,434,140)	(3,377,514)
Nonoperating revenues and expenses	3,491,142	3,171,443	3,953,068
Change in net position	28,394	(262,697)	575,554
Net position at beginning of year	3,863,978	4,126,675	3,551,121
Net position at end of year	\$ 3,892,372	\$ 3,863,978	\$ 4,126,675

Fiscal Year 2023 Compared To Fiscal Year 2022

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of \$28,394 during the year ended June 30, 2023, compared to a decrease in net position of \$262,697 during fiscal year 2022. Some highlights of the information in this statement follows.

Revenues

Revenues totaled \$3,850,769 and \$3,453,258 for the years ending June 30, 2023 and 2022, respectively. Overall, KTWU's revenues increased \$397,511 from fiscal year 2022 to 2023.

The community service grant and the interconnection grant received from CPB, memberships, and contributions comprised 56.5% of KTWU's revenue for the year ended June 30, 2023, compared to 63.3% for the year ended June 30, 2022. State and local funds accounted for 14.3% of revenue for the year ended June 30, 2023, compared to 13.2% for the year ended June 30, 2022.

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Management's Discussion and Analysis (*Continued*)

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.

Expenses

Operating expenses totaled \$3,822,375 and \$3,715,955 for the years ending June 30, 2023 and 2022, respectively. The \$106,420 increase is attributable primarily to an increase in management and general and fundraising and membership development expenses.

Program services expenses (programming and production, broadcasting, and program information and promotion) accounted for 50.0% of KTWU's expenses for the year ended June 30, 2023, compared to 56.1% for the year ended June 30, 2022. Support services expenses (management and general, fundraising, underwriting and depreciation) accounted for 43.9% of expenses for the year ended June 30, 2023 compared to 37.0% for the year ended June 30, 2022.

Fiscal Year 2022 Compared To Fiscal Year 2021

The Statement of Revenues, Expenses and Changes in Net Position reflects a decrease in net position of \$262,697 during the year ended June 30, 2022, compared to an increase in net position of \$575,554 during fiscal year 2021. Some highlights of the information in this statement follows.

Revenues

Revenues totaled \$3,453,258 and \$4,233,077 for the years ending June 30, 2022 and 2021, respectively. Although the pandemic contributed to revenues being down in some categories during fiscal year 2021, KTWU received \$489,593 in American Rescue Plan Grant funding from the CPB, which helped offset that. Overall, KTWU's revenues decreased \$779,819 from fiscal year 2021 to 2022.

The community service grant and the interconnection grant received from CPB, memberships, and contributions comprised 63.3% of KTWU's revenue for the year ended June 30, 2022, compared to 59.5% for the year ended June 30, 2021. State and local funds accounted for 13.2% of revenue for the year ended June 30, 2022, compared to 15.1% for the year ended June 30, 2021.

KTWU TELEVISION

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Management's Discussion and Analysis (*Continued*)

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.

Expenses

Operating expenses totaled \$3,715,955 and \$3,657,523 for the years ending June 30, 2022 and 2021, respectively. The \$58,432 increase is attributable primarily to an increase in underwriting and grant solicitation expenses and broadcasting expenses.

Program services expenses (programming and production, broadcasting, and program information and promotion) accounted for 56.1% of KTWU's expenses for the year ended June 30, 2022, compared to 54.5% for the year ended June 30, 2021. Support services expenses (management and general, fundraising, underwriting and depreciation) accounted for 43.9% of expenses for the year ended June 30, 2022 compared to 54.5% for the year ended June 30, 2021.

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.

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Management's Discussion and Analysis (*Continued*)

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, 2023, 2022 And 2021

	2023	2022	2021
Cash provided by (used in):			
Operating activities	\$ (2,659,253)	\$ (2,828,141)	\$ (2,858,085)
Noncapital financing activities	2,723,057	2,645,657	3,196,780
Capital and related financing activities	133,647	12,371	(17,982)
Investing activities	87,572	131,619	116,390
Net change in cash	285,023	(38,494)	437,103
Cash - Beginning of Year	1,186,346	1,224,840	787,737
Cash - End of Year	\$ 1,471,369	\$ 1,186,346	\$ 1,224,840

Fiscal Year 2023 Compared To Fiscal Year 2022

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 \$285,023 and decreased by \$38,494 for the fiscal years ended June 30, 2023 and 2022, respectively.

KTWU TELEVISION

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Management's Discussion and Analysis (*Continued*)

Fiscal Year 2022 Compared To Fiscal Year 2021

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 decreased by \$38,494 and increased by \$437,103 for the fiscal years ended June 30, 2022 and 2021, respectively.

Capital Assets

KTWU had an decrease in capital assets during fiscal year 2023 and 2022 of \$221,871 and \$131,235, respectively. At June 30, 2023, KTWU had \$1.68 million invested in capital assets, net of accumulated depreciation, compared to \$1.90 million and \$2.03 million at June 30, 2022 and 2021, respectively. Depreciation charges totaled \$234,876 for the fiscal year ended June 30, 2023, compared to \$253,939 and \$221,891 for the fiscal years ended June 30, 2022 and 2021, respectively. Details of these assets are as follows:

Condensed Statement Of Capital Assets, Net Of Depreciation As Of June 30, 2023, 2022 And 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 27,176	\$ 27,176	\$ 27,176
Buildings and towers	1,429,792	1,532,642	1,635,491
Transmitter and antenna	—	27,607	71,078
Transmission and broadcast equipment	222,467	288,661	232,044
Office equipment	1,437	26,657	68,189
	<u>\$ 1,680,872</u>	<u>\$ 1,902,743</u>	<u>\$ 2,033,978</u>

There were no major capital additions during the fiscal years ended June 30, 2023, 2022 and 2021.

KTWU TELEVISION

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Management's Discussion and Analysis (*Continued*)

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.

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, Vice President for Administration and Treasurer, Washburn University, 1700 SW College Ave., Topeka, Kansas 66621.

KTWU TELEVISION
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STATEMENTS OF NET POSITION

	June 30,	
	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,471,369	\$ 1,186,346
Accounts receivable	53,043	62,919
Lease receivable	129,831	127,652
Prepaid expenses	24,644	38,750
Prepaid lease	2,100	2,100
Total Current Assets	1,680,987	1,417,767
Noncurrent Assets:		
Receivable from Washburn University Foundation	815,968	785,104
Lease receivable	750,731	880,563
Prepaid lease and extended lease	5,425	7,525
Capital assets, net	1,680,872	1,902,743
Total Noncurrent Assets	3,252,996	3,575,935
Total Assets	\$ 4,933,983	\$ 4,993,702

Liabilities And Net Position

Current Liabilities:		
Accounts payable	\$ 14,112	\$ 6,653
Unearned revenue	57,178	795
Accrued payroll	12,540	34,363
Compensated absences	99,849	95,737
Total Current Liabilities	183,679	137,548
Deferred Inflows Of Resources:		
Deferred inflows - leases	857,932	992,176
Net Position:		
Net investment in capital assets	1,680,872	1,902,743
Restricted for		
Nonexpendable		
Endowments (gift value)	633,946	616,398
Expendable		
Other	50,046	45,145
Unrestricted	1,527,508	1,299,692
Total Net Position	\$ 3,892,372	\$ 3,863,978

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

	For The Years Ended June 30,	
	2023	2022
Operating Revenues:		
Auction and special fundraising events	\$ 180,044	\$ 82,968
Tower lease payments	149,497	161,515
Production assistance	19,000	36,440
Miscellaneous operating revenues	11,086	892
Total Operating Revenues	359,627	281,815
Operating Expenses:		
Support services		
Management and general	1,009,653	814,458
Fundraising and membership development	486,690	349,658
Underwriting and grant solicitation	181,948	211,631
Program services		
Programming and production	1,133,995	1,250,735
Broadcasting	636,522	710,275
Program information and promotion	138,691	125,259
Depreciation	234,876	253,939
Total Operating Expenses	3,822,375	3,715,955
Operating Loss	(3,462,748)	(3,434,140)
Nonoperating Revenues:		
Community services and interconnection grants from Corporation for Public Broadcasting	900,918	908,896
State and local funds	549,789	454,723
Federal grants	1,910	—
Other grants	—	10,928
Foundations, business and industry and other contributions	219,481	416,580
Memberships and subscriptions	1,054,872	861,017
Donated facilities and administrative support from Washburn University of Topeka	626,737	497,486
Investment income	137,435	21,813
Total Nonoperating Revenues	3,491,142	3,171,443
Change In Net Position	28,394	(262,697)
Net Position - Beginning Of Year	3,863,978	4,126,675
Net Position - End Of Year	\$ 3,892,372	\$ 3,863,978

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

STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2023	2022
Cash Flows From Operating Activities		
Other operating revenues	\$ 295,554	\$ 158,957
Payments to suppliers	(1,333,505)	(1,388,133)
Payments to employees	(1,621,302)	(1,598,965)
Net Cash Used In Operating Activities	(2,659,253)	(2,828,141)
Cash Flows Provided By Investing Activities		
Interest and dividends received	87,572	131,619
Cash Flows From Noncapital Financing Activities		
CPB funds, state and local funds	1,452,617	1,363,619
Underwriting and other revenues	219,481	427,508
Memberships and subscriptions	1,050,959	854,530
Net Cash Provided By Noncapital Financing Activities	2,723,057	2,645,657
Cash Flows From Capital And Related Financing Activities		
Interest received from leases	18,999	18,795
Rents received from leases	127,653	116,280
Purchases of capital assets & related activities	(13,005)	(122,704)
Net Cash Used In Capital And Related Financing Activities	133,647	12,371
Change In Cash And Cash Equivalents	285,023	(38,494)
Cash And Cash Equivalents - Beginning Of Year	1,186,346	1,224,840
Cash And Cash Equivalents - End Of Year	\$ 1,471,369	\$ 1,186,346
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (3,462,748)	\$ (3,434,140)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	234,876	253,939
Donated facilities and administrative support from Washburn University of Topeka	626,737	497,486
Changes in assets and liabilities:		
Accounts receivable	13,789	30,283
Prepaid expenses and other assets	16,206	12,898
Accounts payable	7,459	(34,137)
Accrued payroll and compensated absences	(17,711)	(1,329)
Unearned revenue	56,383	(28,997)
Deferred inflow from lease	(134,244)	(124,144)
Net Cash Used In Operating Activities	\$ (2,659,253)	\$ (2,828,141)
Noncash Investing And Financing Activities		
Change in fair value of investments	\$ 30,864	\$ (128,599)

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2023 And 2022**

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, 2023 and 2022.

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.

KTWU TELEVISION

A Public Telecommunications Entity

Operated by Washburn University of Topeka

Notes to Financial Statements (*Continued*)

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.

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, 2023 and 2022, 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.

KTWU TELEVISION

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Notes to Financial Statements (*Continued*)

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.

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

Lease Arrangements

For arrangements in which KTWU is the lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

For arrangements where KTWU is a lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent KTWU's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. KTWU had no arrangements where KTWU was the lessee at June 30, 2023 or 2022.

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Notes to Financial Statements (*Continued*)

KTWU used the average interest rate from the most recent bond issuance of the University to calculate the present value of lease payments when the rate implicit in the lease is not known. KTWU includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain KTWU will exercise the option. KTWU has elected to combine lease and non-lease components for all lease contracts and also has not recognized RTU assets and lease liabilities for leases with terms of 12 months or less.

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.

KTWU TELEVISION

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Notes to Financial Statements (*Continued*)

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.

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 \$106,821 and \$107,775 for the years ended June 30, 2023 and 2022, 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 \$626,737 and \$497,486 for the years ended June 30, 2023 and 2022, 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.

KTWU TELEVISION

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Notes to Financial Statements (*Continued*)

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.

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, 2023 and 2022, KTWU's cash and cash equivalents were held in financial institutions. KTWU had no bank balances exposed to custodial credit risk at June 30, 2023 and 2022.

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, 2023 and 2022. 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.

KTWU TELEVISION
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Operated by Washburn University of Topeka

Notes to Financial Statements (*Continued*)

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 \$815,968 and \$785,104 at June 30, 2023 and 2022, 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.

4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023 follows:

	Balance - July 1, 2022	Additions	Projects In Progress	Retirements/ Adjustments	Balance - June 30, 2023
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	6,044,453	—	—	—	6,044,453
Furniture and equipment	773,139	13,005	—	—	786,144
Total Capital Assets, Being Depreciated	11,721,746	13,005	—	—	11,734,751
Less accumulated depreciation for					
Buildings, tower and improvements	(2,435,241)	(102,850)	—	—	(2,538,091)
Transmitters and antenna	(908,664)	(27,607)	—	—	(936,271)
Transmitters and broadcast equipment	(5,755,792)	(66,194)	—	—	(5,821,986)
Furniture and equipment	(746,482)	(38,225)	—	—	(784,707)
Total Accumulated Depreciation	(9,846,179)	(234,876)	—	—	(10,081,055)
Total Capital Assets Being Depreciated, Net	1,875,567	(221,871)	—	—	1,653,696
Total Capital Assets	\$ 1,902,743	\$ (221,871)	\$ —	\$ —	\$ 1,680,872

KTWU TELEVISION
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Notes to Financial Statements (*Continued*)

A summary of changes in capital assets for the year ended June 30, 2022 follows:

	Balance - July 1, 2021	Additions	Projects In Progress	Retirements/ Adjustments	Balance - June 30, 2022
Capital assets, not being depreciated					
Land	\$ 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	5,935,589	122,704	—	(13,840)	6,044,453
Furniture and equipment	773,139	—	—	—	773,139
Total Capital Assets, Being Depreciated	11,612,882	122,704	—	(13,840)	11,721,746
Less accumulated depreciation for					
Buildings, tower and improvements	(2,332,392)	(102,849)	—	—	(2,435,241)
Transmitters and antenna	(865,193)	(43,471)	—	—	(908,664)
Transmitters and broadcast equipment	(5,703,545)	(66,087)	—	13,840	(5,755,792)
Furniture and equipment	(704,950)	(41,532)	—	—	(746,482)
Total Accumulated Depreciation	(9,606,080)	(253,939)	—	13,840	(9,846,179)
Total Capital Assets Being Depreciated, Net	2,006,802	(131,235)	—	—	1,875,567
Total Capital Assets	\$ 2,033,978	\$ (131,235)	\$ —	\$ —	\$ 1,902,743

5. Leases

KTWU rents certain space on its broadcast towers to outside parties. The lease contracts expire at various dates through 2032, assuming that all renewal options are exercised by the lessee. During 2023 and 2022, KTWU received \$146,652 and \$135,075, respectively, in lease related payments which represents the total amount of inflows of resources recognized in the reporting period from leases.

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Notes to Financial Statements (*Continued*)

6. 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 2023 and 2022, KTWU received approximately 23.4% and 26.3%, 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.

Supplemental Schedule

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

SCHEDULE OF FUNCTIONAL EXPENSES
For The Years Ended June 30, 2023 And 2022

	Support Services			Program Services					
	Management And General	Fundraising And Membership Development	Underwriting And Grant Solicitation	Programming And Production	Broadcasting	Program Information And Promotion			
Salaries and employee benefits	\$ 272,263	\$ 191,946	\$ 180,632	\$ 459,601	\$ 408,395	\$ 90,754	\$ 1,603,591	\$ 1,597,637	
Donated facilities and administrative support	596,257	—	—	—	30,480	—	626,737	497,486	
Professional services	13,287	13,046	—	67,045	35,739	1,124	130,242	90,596	
Telephone and fax	12,934	—	—	1,687	1,983	—	16,604	15,670	
Postage and freight	213	12,437	879	116	—	167	13,813	16,742	
Printing and copier	—	397	27	—	—	2,063	2,487	1,503	
Materials and supplies	11,661	32,609	62	12,729	4,197	12,013	73,272	84,648	
Dues	41,978	515	—	50,264	2,475	21,952	117,184	122,087	
Program expenses	—	—	—	510,211	—	630	510,840	567,049	
Equipment and equipment rent	7,964	1,446	—	6,158	3,031	—	18,598	57,228	
Equipment repair and maintenance	213	—	—	—	33,493	—	33,706	16,483	
Computer equipment and software	—	4,425	—	2,098	—	77	6,601	(22,163)	
Vehicle expense	1,060	—	—	860	21	—	1,941	2,806	
Credit card expense	—	20,038	—	—	—	—	20,038	15,063	
Utilities, trash hauling and insurance	18,538	—	—	501	97,029	—	116,068	114,627	
Buildings and grounds	14,950	10	—	575	12,429	—	27,964	50,865	
Travel	658	124,994	348	9,024	—	—	135,025	54,173	
Marketing and advertising	1,268	71,678	—	4,214	—	9,307	86,466	83,041	
Other expenses	16,408	13,148	—	8,912	7,251	604	46,322	96,475	
Total Support And Program Services - 2023	\$ 1,009,653	\$ 486,690	\$ 181,948	\$ 1,133,995	\$ 636,522	\$ 138,691	\$ 3,587,499	\$ 3,462,017	
Total Support And Program Services - 2022	\$ 814,458	\$ 349,658	\$ 211,631	\$ 1,250,735	\$ 710,275	\$ 125,259			