

KPVU – FM

A Public Telecommunications Entity

Operated by Prairie View A&M University

Financial Statements

For the Years Ended August 31, 2021 and 2020

KPVU-FM
A Public Telecommunications Entity
Operated by Prairie View A&M University
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Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Dr. Ruth Simmons
President, Prairie View A&M University
Prairie View, Texas

We have audited the accompanying financial statements of the business-type activities of KPVU-FM, a public telecommunications entity operated by Prairie View A&M University, as of and for the years ended August 31, 2021 and 2020 as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of KPVU-FM, as of August 31, 2021 and 2020, 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.

Emphasis of Matter

As described in Note 1, the financial statements present only the accounts of KPVU-FM, and are not intended to present the financial position of Prairie View A&M University or the results of its operations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of KPVU-FM. The supplementary schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements of KPVU-FM. The schedules of functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of functional expenses are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Bryan, Texas
February 28, 2022

KPVU-FM
(A Public Telecommunications Entity Operated by Prairie View A&M University)
Management's Discussion and Analysis
For the Years Ended August 31, 2021 and 2020 (Unaudited)

Introduction and Reporting Entity

Management's Discussion and Analysis (MD&A) is an overview of the financial position and activities of KPVU-FM. Statements for KPVU Radio Station include all of the financial activity of KPVU-FM, for the years ended August 31, 2021 and 2020.

Management of KPVU has prepared the following discussion. Readers should also review the Independent Auditor's Report along with the financial statements and related footnotes which follow this section to enhance their understanding of KPVU-FM's performance.

KPVU serves Prairie View, Texas, as well as a seven-county coverage that includes Waller, Austin, Grimes, Montgomery, Washington, Fort Bend and Harris counties. This coverage allows KPVU the potential of being heard by an estimated 785,298 listeners. The station operates at 30,000 watts, 24 hours a day, 365 days a year and can be heard online through internet broadcast. In addition to regular broadcasting, KPVU serves as an educational training facility for students interested in broadcasting careers.

Overview of the Financial Statements

The financial statements of KPVU-FM are prepared in conformity with Governmental Accounting Standards Board pronouncements. Following this section are the basic financial statements and notes which should be read in conjunction with this discussion and analysis. The Statements of Net Position provide information on the types of assets and liabilities of KPVU-FM, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether KPVU-FM's financial position is improving or deteriorating. The Statements of Revenues, Expenses, and Changes in Net Position provide information on income and expense for the year, with additional detail of the expenses provided in the supplementary Schedules of Functional Expenses. The Statements of Cash Flows show the sources and uses of cash and the net changes in cash during the year. The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

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Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2021 and 2020 (Unaudited)

Condensed Financial Information

The following table illustrates the changes in net position for the fiscal years ending August 31, 2021 and 2020:

Condensed Statements of Net Position		
	<u>2021</u>	Restated <u>2020</u>
Current Assets	\$394,300	\$183,536
Capital Assets (net)	<u>14,817</u>	<u>19,910</u>
Total Assets	<u>409,117</u>	<u>203,446</u>
Current Liabilities	<u>435,755</u>	<u>221,076</u>
Total Liabilities	<u>435,755</u>	<u>221,076</u>
Invested in Capital Assets, net	14,817	19,910
Restricted	26,054	26,229
Unrestricted	<u>(67,509)</u>	<u>(63,769)</u>
Total Net Position	<u>(\$26,638)</u>	<u>(\$17,630)</u>

The following table illustrates revenues, expenses and changes in net position for the years ending August 31, 2021 and 2020.

Condensed Statements of Revenues, Expenses and Changes in Net Position		
	<u>2021</u>	Restated <u>2020</u>
Operating revenues		
PVAMU direct and indirect support	\$ 209,400	\$ 215,231
Grants	122,940	125,377
Membership, gifts and other	<u>11,519</u>	<u>6,333</u>
Total Revenue	<u>343,859</u>	<u>346,941</u>
Operating expenses		
Program services	239,842	249,943
Supporting services	<u>113,025</u>	<u>118,159</u>
Total Expenses	<u>352,867</u>	<u>368,102</u>
Operating income (loss)	<u>(9,008)</u>	<u>(21,161)</u>
Change in net position	<u>(9,008)</u>	<u>(21,161)</u>
Beginning net position, as restated	<u>(17,630)</u>	<u>3,531</u>
Ending net position	<u>(\$ 26,638)</u>	<u>(\$ 17,630)</u>

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Management's Discussion and Analysis - Continued
For the Years Ended August 31, 2021 and 2020 (Unaudited)

Financial Highlights

Operations have remained consistent between fiscal years 2021 and 2020 with KPVU showing a change in net position of (\$9,008). The COVID-19 pandemic again kept KPVU from hosting any concerts which had been an additional source of revenue in prior years.

Economic Outlook

The anticipated economic outlook for KPVU in 2022 in large measure depends on the overall improvement of the local Prairie View economy. The beginning of the fiscal year started with little growth as the late – year (2021) spread of Omicron created a drag on the local economy, thus negatively impacting KPVU's fundraising results. However, with the successful launch of KPVU's new programming schedule and rebranding of the station's identification resulting in a new and expanded public radio service for the Greater Prairie View/Houston community, KPVU today has a viable opportunity to realize an upturn in its Audience Service Criteria. Accordingly, in the spirit and protocol of CPB's Collaborative Operations and Services program, KPVU has initiated a plan with other local area stations to develop and implement collaborations, strategic alliances and other forms of partnerships that will increase the stations' abilities and capacities to achieve more together than KPVU can accomplish alone, thus, resulting in increased listenership and financial support from the station's communities of service.

Capital Assets

KPVU's investment in capital assets as of August 31, 2021, amounts to \$14,817 (net of accumulated depreciation). KPVU has been in operation for over 32 years and most of the assets (equipment) are outdated and will need replacement.

Request for Information

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

*KPVU-FM
c/o Senior Vice President of Business Affairs
P.O. Box 519; MS 1300
Alvin I. Thomas Building Suite 116
Prairie View, Texas 77446
Or by e-mail at cacarterhorn@pvamu.edu*

KPVU-FM
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Statements of Net Position
August 31, 2021 and 2020

	2021	Restated 2020
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 392,177	\$ 181,580
Prepaid expenses	2,123	1,956
Total current assets	394,300	183,536
Capital Assets (net of accumulated depreciation):		
Equipment	14,817	19,910
Total assets	\$ 409,117	\$ 203,446
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Liability for compensated absences	\$ 15,912	\$ 16,702
Unearned revenue-CPB grants	419,843	204,374
Total liabilities	435,755	221,076
Net Position		
Net investment in capital assets	14,817	19,910
Restricted	26,054	26,229
Unrestricted	(67,509)	(63,769)
Total net position	(26,638)	(17,630)
Total liabilities and net position	\$ 409,117	\$ 203,446

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	Restated <u>2020</u>
OPERATING REVENUES:		
State funds furnished by Prairie View A&M University	\$ 191,358	\$ 215,231
Indirect administrative and occupancy support from Prairie View A&M University	18,042	-
Community service grant from the Corporation for Public Broadcasting	122,940	125,377
Membership donations	<u>11,519</u>	<u>6,333</u>
Total operating revenues	<u>343,859</u>	<u>346,941</u>
OPERATING EXPENSES:		
Program Services		
Programming and production	44,634	44,117
Broadcasting	195,208	205,826
Support Services		
Fundraising and membership	6,428	5,527
Management and general	<u>106,597</u>	<u>112,632</u>
Total operating expenses	<u>352,867</u>	<u>368,102</u>
Operating loss	<u>(9,008)</u>	<u>(21,161)</u>
Change in net position	(9,008)	(21,161)
Net position - beginning of year, as restated	<u>(17,630)</u>	<u>3,531</u>
Net position - end of year	<u><u>\$ (26,638)</u></u>	<u><u>\$ (17,630)</u></u>

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

KPVU-FM
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Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Proceeds from Praire View A&M University	\$ 154,802	\$ 162,431
Proceeds from membership, gifts, and underwriting	11,519	6,333
Proceeds from grants	338,409	185,907
Payments for employee salaries	(131,561)	(133,763)
Payments to employees for services	<u>(162,572)</u>	<u>(169,377)</u>
Net cash provided by operating activities	<u>210,597</u>	<u>51,531</u>
Net increase in cash and cash equivalents	210,597	51,531
Cash and cash equivalents - beginning of the year	<u>181,580</u>	<u>130,049</u>
Cash and cash equivalents - end of the year	<u><u>\$ 392,177</u></u>	<u><u>\$ 181,580</u></u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (9,008)	\$ (21,161)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	5,093	5,156
Changes in assets and liabilities:		
Prepaid expenses	(167)	2,069
Accounts payable	-	(1,000)
Liability for compensated absences	(790)	5,937
Unearned revenue-CPB grants	<u>215,469</u>	<u>60,530</u>
Net cash provided by operating activities	<u><u>\$ 210,597</u></u>	<u><u>\$ 51,531</u></u>

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

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of KPVU-FM are presented for the purpose of reporting to the Corporation for Public Broadcasting. KPVU-FM prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), and it complies with the Corporation for Public Broadcasting's (CPB) *Application of Principles of Accounting and Financial Reporting to Public Telecommunications Entities*. KPVU-FM uses the reporting model for business-type activities (enterprise fund) for its financial statements, which is one of the reporting model options allowed by CPB.

B. Basis of Accounting

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Using this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses are directly related to programming, production development and delivery of telecommunication services. All revenues and expenses not meeting the definition of operating revenues or expenses are reported as non-operating revenues and expenses. Revenues associated with or restricted by donors to use for capital improvements are recorded as nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is KPVU-FM's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Reporting Entity

KPVU-FM is a public telecommunications entity operated by Prairie View A&M University ("the University"), a State agency supported primarily by State appropriations. The University Fiscal Office maintains the accounting records. KPVU-FM's primary functions are to promote, establish and provide public broadcasting and other noncommercial educational telecommunications services.

The accompanying financial statements represent only the accounts of KPVU-FM and are not intended to present the financial position or results of operations of the University.

There are no component units included within the reporting entity.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Cash and Cash Equivalents

KPVU-FM considers its balances held by Prairie View A&M University’s fiscal office to be cash equivalents.

Prairie View A&M University and the Texas A&M University System maintain deposits with various banks according to the System’s policies. At August 31, 2021 and 2020, the System reported that all of its bank deposits were covered by the Federal Deposit Insurance Corporation (FDIC) insurance, were collateralized with securities in the System’s name, or were covered by surety bonds.

Excess cash is invested according to the “prudent person rule” as authorized by VTCA, Higher Education Code §51. The majority of the System’s funds are maintained in short-term investment pools.

E. Capital Assets

Capital assets are defined by Prairie View A&M University as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. KPVU-FM records property and equipment at cost or in the case of donated property, at its estimated fair value at date of receipt, net of accumulated depreciation.

KPVU-FM uses the straight-line method to calculate depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-10

F. Compensated Absences

KPVU-FM employees are employees of the State of Texas. It is the State’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the State does not have a policy to pay any amounts when employees separate from service with the State. All vacation pay is accrued when incurred.

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is

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Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

reported as restricted when there are limitations imposed on the use by either external parties or enabling legislation. Unrestricted net position represents resources that are available for the support of KPVU-FM's operations.

H. Pledges and Contributions

KPVU-FM engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to KPVU-FM for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of KPVU-FM. This usage is consistent with appeals for contributions and pledges.

I. In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. KPVU-FM reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statements of revenues, expenses, and changes in net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as donated national and local programs, are not recorded as revenue and expenses as there is no objective basis available to measure the value of such services.

J. Revenue Recognition

State appropriations are recorded as revenue in the statement of revenues, expenses, and changes in net position when an expenditure is recorded.

Membership contributions are recognized as operating revenues in the period they are received. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support.

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Revenue Recognition - Continued

Grants to finance non-capital projects are recorded as unearned revenue until an expenditure is incurred for which the grant was intended. The amounts are then included in revenues, and the expenditures are recorded.

K. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

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

L. Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Change in Presentation and Restatement

In the past KPVU-FM presented its financial statements in accordance with GASB standards for State and Local Governments as a general fund and governmental activity. Presentation has been changed in the current financial statements to GASB standards for Public Colleges and Universities as a business-type activity to be more in line with the reporting of Prairie View A&M University and the Texas A&M System. In addition, the financial statements have been restated to remove pension and OPEB as these are recorded at the A&M System level.

KPVU-FM
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Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. Change in Presentation and Restatement - Continued

Net position has been restated as follows:

Beginning net position – 9/1/19	\$(198,319)
Adjustment to remove pension & OPEB	<u>201,850</u>
Beginning net position – 9/1/19, as restated	<u>\$ 3,531</u>

II. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Equipment	\$341,451	\$ -	\$ -	\$341,451
Total capital assets being depreciated	<u>341,451</u>	<u>-</u>	<u>-</u>	<u>341,451</u>
Less accumulated depreciation for:				
Equipment	321,541	5,093	-	326,634
Total accumulated depreciation	<u>321,541</u>	<u>5,093</u>	<u>-</u>	<u>326,634</u>
Total capital assets, being depreciated, net	<u>\$ 19,910</u>	<u>(\$ 5,093)</u>	<u>\$ -</u>	<u>\$ 14,817</u>

Current depreciation expense of \$5,093 was charged to programming and production.

Capital asset activity for the year ended August 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Equipment	\$341,451	\$ -	\$ -	\$341,451
Total capital assets being depreciated	<u>341,451</u>	<u>-</u>	<u>-</u>	<u>341,451</u>
Less accumulated depreciation for:				
Equipment	316,385	5,156	-	321,541
Total accumulated depreciation	<u>316,385</u>	<u>5,156</u>	<u>-</u>	<u>321,541</u>
Total capital assets, being depreciated, net	<u>\$ 25,066</u>	<u>(\$5,156)</u>	<u>\$ -</u>	<u>\$ 19,910</u>

Current depreciation expense of \$5,156 was charged to programming and production.

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III. PENSION PLAN

The State of Texas has joint contributory retirement plans for substantially all its employees. The primary plan the A&M System (of which Prairie View A&M University is a member) participates in is the cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas. All employees of the A&M System who are employed for one-half or more of the standard work load and not exempted from membership under the Texas Government Code, Title 8, Section 822.002 are covered by the plan.

The TRS plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefits formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments.

The pension liability, associated deferred outflows and inflows of resources, and associated expenses are recorded at the A&M System level. Detailed information about the TRS plan is presented in the A&M System's combined annual financial report.

IV. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. The A&M System is a single-employer defined benefit Other Post Employment (OPEB) plan.

OPEB is provided to the A&M System's retirees under the A&M System group insurance program. The authority under which the obligations of the plan members and the A&M System are established, and may be amended, is Chapter 1601, Texas Insurance Code. Retiree eligibility for insurance continuation is determined by the Legislature and is subject to change. This plan does not provide automatic cost of living adjustments.

Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through the group insurance program, and premiums are based on benefits and administrative costs expected to be incurred. The rates are determined annually by the System in consultation with actuary.

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Notes to the Basic Financial Statements - Continued
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IV. OTHER POSTEMPLOYMENT BENEFITS - Continued

The OPEB liability, associated deferred inflows and outflows of resources, and associated expenses are recorded at the A&M System level. Detailed information about the OPEB plan is presented in the A&M System’s combined annual financial report.

V. COMPENSATED ABSENCES

	Balance Outstanding <u>September 1, 2020</u>	<u>Earned</u>	Taken/ <u>Paid</u>	Balance Outstanding <u>August 31, 2021</u>
Accrued Vacation Payable	\$ 16,702	\$ 7,198	\$ (7,988)	\$ 15,912
	<u>\$ 16,702</u>	<u>\$ 7,198</u>	<u>\$ (7,988)</u>	<u>\$ 15,912</u>

VI. NONFEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2021 NFFS. This change excludes all revenues received for any capital purchases.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the sources must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services

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A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

VI. NONFEDERAL FINANCIAL SUPPORT (NFFS) – Continued

or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcast entity on behalf of a public broadcast station.

Reported NFFS for KPVU-FM was \$220,919 and \$241,925 for 2021 and 2020 respectively.

VII. COMMUNITY SERVICE GRANTS (CSGs)

KPVU-FM receives a Community Service Grant from the Corporation for Public Broadcasting annually. The Community Service Grants received and expended during the most recent fiscal years were as follows:

For the year ended August 31, 2021:

Grant Period	Amounts Received	Expended			Uncommitted
		2019 & Prior	2020	2021	Balance at August 31, 2021
2018-2020	108,469	19,799	88,120	550	-
2019-2021	108,469	-	16,781	87,584	4,104
2020-2022	134,653	-	-	32,406	102,247

For the year ended August 31, 2020:

Grant Period	Amounts Received	Expended			Uncommitted
		2018 & Prior	2019	2020	Balance at August 31, 2020
2017-2019	127,686	-	102,512	25,174	-
2018-2020	108,469	-	19,799	88,120	550
2019-2021	108,469	-	-	16,781	91,688

In October 2020, KPVU received a letter from the CPB stating that KPVU did not meet the Audience Service Criteria (ASC) for the Community Service Grant year 2021 based on information provided in KPVU’s FY2019 financial report. According to CPB policy, a grantee not meeting the ASC is placed in a three-year transition plan that will lead to its eventual removal from the CSG program should it continue to fail the ASC. KPVU-FM did not meet the ASC for fiscal year 2021 and finds itself in ASC year 3 of the transition

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

VII. COMMUNITY SERVICE GRANTS (CSGs) – Continued

plan. Grantees in year three of this transition will receive their full CSG but will be required to set aside 25 percent of this grant as ASC funds to fund special projects designed to help it return to compliance with the ASC. KPVU-FM will need to report the nature and status of these projects to the CPB at the end of the fiscal year 2021 CSG fiscal year (September 30, 2022).

VIII. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from the University of \$18,042 consists of allocated institutional support and physical plant costs incurred by various other divisions of the University for which KPVU-FM receives benefits. Beginning in fiscal year 2021, the estimated value of this support is recognized in the statements of revenues, expenses, and changes in net position as indirect administrative support and also as expense in the management and general functional expense category. For the year ended August 31, 2021, the indirect support was calculated using the standard method adopted by the Corporation for Public Broadcasting (CPB). In fiscal year 2020, indirect administrative support not included in the financial statements amounted to \$37,631.

IX. CONTRIBUTED IN-KIND SUPPORT

Contributed support represents expenses paid on behalf of KPVU-FM by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support. The amount of contributed services is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

Contributed support from the University consists of certain administrative and other expenses incurred on behalf of KPVU-FM. These costs for 2021 and 2020, respectively, were \$0 and \$17,271.

X. SUBSEQUENT EVENTS

In December 2021, KPVU-FM was notified by the CPB that it had not met the Audience Service Criteria (ASC) for the fourth consecutive year and is eligible for removal from the Radio CSG program. The CPB is providing an additional one-year extension for participation in the program, and KPVU-FM is eligible to receive their full FY 2022 Radio CSG but will be required to set aside 25 percent of this grant as ASC Funds to fund special projects designed to help it return to compliance with the ASC. In addition,

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Notes to the Basic Financial Statements - Continued
August 31, 2021 and 2020

X. SUBSEQUENT EVENTS - Continued

KPVU-FM did not meet the minimum non-federal financial support (NFFS) requirements for FY 2022 and has been placed in a transition path that will lead to their removal from the CSG program if they continue to fail to meet the minimum NFFS.

SUPPLEMENTARY INFORMATION

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Schedule of Functional Expenses
For the Year Ended August 31, 2021

	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Fund Raising and Membership</u>	<u>Management and General</u>	<u>August 31, 2021 Total</u>
Salaries and wages	\$ 1,005	\$ 89,958	\$ 1,868	\$ 37,939	\$ 130,770
Fringe benefits	279	24,150	519	11,608	36,556
Indirect administrative costs	-	-	-	18,042	18,042
Travel	33	1,238	27	595	1,893
Membership fees and dues	14,454	-	-	-	14,454
Professional services	-	-	-	17,227	17,227
Maintenance and repair of equipment	-	-	-	123	123
Advertising	1,812	-	2,598	-	4,410
Administrative fees	-	-	-	702	702
Postal services	-	-	-	719	719
19 Reproduction services	-	-	121	2,710	2,831
Electronic parts and non-capital equipment	-	2,298	-	1,105	3,403
Utilities	-	-	-	7,490	7,490
Connection and programming fees	21,870	-	-	-	21,870
Contracted services	85	72,412	69	1,538	74,104
Supplies	3	247	5	118	373
Telephone	-	-	-	6,059	6,059
Depreciation	5,093	-	-	-	5,093
Other	-	4,905	1,221	622	6,748
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 44,634</u>	<u>\$ 195,208</u>	<u>\$ 6,428</u>	<u>\$ 106,597</u>	<u>\$ 352,867</u>

KPVU-FM
A Public Telecommunications Entity Operated by Prairie View A&M University
Schedule of Functional Expenses
For the Year Ended August 31, 2020

	Programming and Production	Broadcasting	Fund Raising and Membership	Management and General	Restated August 31, 2020 Total
Salaries and wages	\$ 1,267	\$ 103,518	\$ 1,792	\$ 33,123	\$ 139,700
Fringe benefits	337	26,882	476	7,834	35,529
Travel	373	5,676	101	1,654	7,804
Membership fees and dues	13,057	-	1,323	1,135	15,515
Professional services	-	-	-	13,056	13,056
Maintenance and repair of equipment	52	-	-	1,208	1,260
Advertising	-	-	667	-	667
Administrative fees	-	-	-	455	455
Postal services	-	-	-	596	596
20 Reproduction services	-	-	147	2,416	2,563
Electronic parts and non-capital equipment	-	21,459	-	6,254	27,713
Utilities	-	-	-	23,368	23,368
Connection and programming fees	20,926	-	-	-	20,926
Contracted services	2,897	44,095	781	11,850	59,623
Supplies	52	4,196	74	1,223	5,545
Telephone	-	-	-	5,570	5,570
Depreciation	5,156	-	-	-	5,156
Other	-	-	166	2,890	3,056
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 44,117</u>	<u>\$ 205,826</u>	<u>\$ 5,527</u>	<u>\$ 112,632</u>	<u>\$ 368,102</u>