

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

**AUDIT REPORT  
June 30, 2004**

**AULD & ASSOCIATES  
Certified Public Accountants  
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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-23-05

## CONTENTS

	Page
Independent Auditors' Report on the Basic Financial Statements.....	1
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	7

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## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS

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

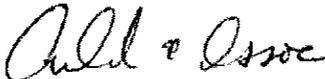
We have audited the accompanying statement of financial position of KRVS-FM Radio (A Public Telecommunications Entity operated by the University of Louisiana at Lafayette) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the radio station. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KRVS-FM Radio as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2005, on our consideration of KRVS-FM Radio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

AULD & ASSOCIATES

  
Certified Public Accountants

Lafayette, Louisiana  
January 31, 2005

KRVS-FM RADIO  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE  
 Lafayette, Louisiana  
 STATEMENT OF FINANCIAL POSITION  
 June 30, 2004

ASSETS

CURRENT ASSETS		
Cash	\$139,339.63	
Prepaid Expenses	<u>28,346.75</u>	
Total Current Assets		\$167,686.38
PROPERTY AND EQUIPMENT		
Property and Equipment	\$803,173.76	
Less: Accumulated Depreciation	<u>435,774.13</u>	
Total Property and Equipment		<u>367,399.63</u>
TOTAL ASSETS		<u>\$535,086.01</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Unearned Revenue	\$ <u>2,932.72</u>	
Total Current Liabilities		\$ 2,932.72
NET ASSETS		
Unrestricted	<u>\$532,153.29</u>	
Total Net Assets		<u>532,153.29</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$535,086.01</u>

See accountants' report and accompanying notes to financial statements.

KRVS-FM RADIO  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE  
 Lafayette, Louisiana  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2004

		<u>Unrestricted Net Assets</u>
<b>REVENUE AND OTHER SUPPORT</b>		
<i>Support from the University of Louisiana at Lafayette</i>	\$279,648.26	
Memberships and Contributions	138,993.20	
Corporation for Public Broadcasting	90,261.87	
State and Local Grants	26,987.00	
Student Tuition Assessment	17,317.80	
Underwriting	78,449.90	
Interest Income	340.92	
Other Operating Revenue	<u>16,200.00</u>	
<b>TOTAL REVENUE AND OTHER SUPPORT</b>		<u>\$648,198.95</u>
<b>EXPENSES</b>		
Program Services		
<i>Programming and Production</i>	\$122,354.14	
Broadcasting	<u>201,027.00</u>	
<b>Total Program Services</b>		<b>\$323,381.14</b>
Supporting Services		
Management and General	<u>\$272,513.80</u>	
<b>Total Supporting Services</b>		<u>272,513.80</u>
<b>TOTAL EXPENSES</b>		<b><u>\$595,894.94</u></b>
<b>INCREASE IN NET ASSETS</b>		<b>\$ 52,304.01</b>
<b>NET ASSETS, BEGINNING OF YEAR (RESTATED)</b>		<u>479,849.28</u>
<b>NET ASSETS, END OF YEAR</b>		<u>\$532,153.29</u>

See accountants' report and accompanying notes to financial statements.

KRVS-FM RADIO  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE  
 Lafayette, Louisiana  
 STATEMENT OF CASH FLOWS  
 For the Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 52,304.01
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	32,633.47
Increase in Prepaid Expenses	(11,944.50)
Decrease in Unearned Revenues	<u>(11,043.87)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 61,949.11</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Equipment	<u>\$ (7,499.47)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (7,499.47)</u>
NET INCREASE IN CASH	\$ 54,449.64
CASH AT BEGINNING OF YEAR (RESTATED)	<u>84,889.99</u>
CASH AT ENDING OF YEAR	<u>\$139,339.63</u>
SUPPLEMENTAL DISCLOSURES	
Interest Paid	<u>\$ 0.00</u>

See accountants' report and accompanying notes to financial statements.

KRVS-FM RADIO  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE  
Lafayette, Louisiana  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

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

REPORTING ENTITY

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

FINANCIAL STATEMENT PRESENTATION

The financial statements of the radio station are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at fair market value at date of receipt. The radio station capitalizes all property and equipment with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from five to thirty years. Expenses for repairs and maintenance are charged to operating expense as incurred. Depreciation expense is 32,633.47 for the year ended June 30, 2004.

CASH AND CASH EQUIVALENTS

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

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of activities. Accordingly, certain costs are allocated between the programs and supporting services benefited.

#### ADVERTISING COSTS

Advertising costs of \$1,606.00 were expensed as incurred.

#### NOTE 2 - CONCENTRATION OF CREDIT RISK

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

#### NOTE 3 - UNEARNED REVENUE

Unearned revenue represents the unexpended portion of the following grants:

Corporation for Public Broadcasting	\$2,919.72
Acadiana Arts Council	<u>13.00</u>
Total	<u>\$2,932.72</u>

#### NOTE 4 - DONATED FACILITIES AND ADMINISTRATIVE SUPPORT

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

Salaries, taxes, and benefits for the radio station's management and operations personnel	\$221,984.06
Utilities for the transmitter	26,000.64
Land rent for radio tower (See Note 5)	100.00
Indirect administrative support	<u>31,563.56</u>
Total	<u>\$279,648.26</u>

#### NOTE 5 - LEASE

The University of Louisiana at Lafayette leases land for a radio tower from the Lafayette Parish School Board. The term of the lease is ten years with two five-year options and calls for annual rent of one dollar.

#### NOTE 6 - PRIOR PERIOD ADJUSTMENTS

Net assets have been restated as of July 1, 2003, to record the effects of a prior period overstatement of cash (\$12,788.75), a prior period overstatement of accounts receivable (\$5,400.00), a prior period understatement of prepaid expenses (\$16,402.25), and a prior period understatement of depreciation expense and accumulated depreciation (\$4,991.46). These restatements decreased net assets at July 1, 2003, by \$6,777.96.

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of KRVS-FM Radio (A Public Telecommunications Entity operated by the University of Louisiana at Lafayette) as of and for the year ended June 30, 2004, and have issued our report thereon, dated January 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

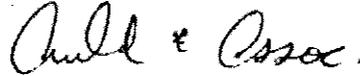
As part of obtaining reasonable assurance about whether KRVS-FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered KRVS-FM Radio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the University of Louisiana at Lafayette, the Louisiana Legislative Auditor, and the Corporation for Public Broadcasting. This report is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

AULD & ASSOCIATES

A handwritten signature in cursive script that reads "Auld & Assoc.".

Certified Public Accountants

Lafayette, Louisiana  
January 31, 2005