

**KDAQ-FM, KLSA-FM, KBSA-FM,  
KLDN-FM, AND KTYK-FM RADIO STATIONS  
LOUISIANA STATE UNIVERSITY IN SHREVEPORT  
STATE OF LOUISIANA  
JUNE 30, 2020**

KDAQ-FM, KLSA-FM, KBSA-FM,  
KLDN-FM, AND KTYK-FM RADIO STATIONS  
LOUISIANA STATE UNIVERSITY IN SHREVEPORT  
STATE OF LOUISIANA  
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# KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS

JUNE 30, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Red River Radio Network's (the Network) financial performance provides an overview of the Network's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Network's financial statements.

### Financial Highlights

The Network's net assets increased by \$209,465 or 44% of the beginning value of the station's net assets, during the year ended June 30, 2020.

### Using the Annual Report

This annual report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion & Analysis provides a narrative of the Network's financial performance and activities for the year ended June 30, 2020. The basic financial statements provide readers with a broad view of the Network's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The Statement of Financial Position presents information on all of the Network's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Network is improving or deteriorating.
- The Statement of Activities presents information showing how the Network's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- The Statement of Cash Flows presents information how the Network's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

## Financial Analysis of the Network as a Whole

A summary of net assets is presented below:

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Current and other assets	5,663	56,181	(90%)
Capital assets, net of depreciation	<u>960,000</u>	<u>960,067</u>	(0%)
Total assets	965,663	1,016,248	(5%)
Current liabilities	213,760	147,210	45%
Noncurrent liabilities	<u>61,452</u>	<u>388,052</u>	(84%)
Total liabilities	275,212	535,262	(49%)
Net assets without donor restrictions	684,788	424,805	61%
Net assets with donor restrictions	<u>5,663</u>	<u>56,181</u>	100%
Total net assets	<u><u>690,451</u></u>	<u><u>480,986</u></u>	44%

Capital assets represent the Network's long term investment in capital assets, net of accumulated depreciation, and are not available for current operations.

A summary of changes in net assets is presented below:

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Operating revenues (memberships, underwriting, lease agreements, non capital grants)	<u>1,202,747</u>	<u>880,003</u>	37%
Total revenues	1,202,747	880,003	37%
Operating expenses			
Depreciation	41,100	32,131	28%
Other	<u>952,182</u>	<u>926,270</u>	3%
Total expenses	993,282	958,401	4%
Change in net assets	<u><u>209,465</u></u>	<u><u>(78,398)</u></u>	(367%)

### Non-Current Liabilities

The Network's non-current liabilities consist of accrued compensated absences for annual and sick leave payable which increased by \$6,180 during the fiscal year, from \$55,272 at the beginning of the year to \$61,452 at the end of the year.

## **Other Currently Known Facts, Decisions, or Conditions**

The network has now been operating for over 35 years and indications are that audience numbers remain steady. We celebrate our 36<sup>th</sup> anniversary in December of 2020.

KTYK, our new station serving the Tyler/Kilgore areas, has been on the air for nearly two years. We have slowly added to our membership database with new members in the Tyler area and expect this number to grow. The intra-campus loan for the purchase of the station was paid off in early spring.

Purchases were made during FY20 to keep the station KDAQ on the air during the federally mandated re-stacking frequency work that LPB needed to complete but that would affect us. Currently we are still waiting for reimbursement for the qualified purchases and expect that the FCC will reimburse us during the current year (FY21). This reimbursement will offset significantly the loss from the previous year.

Locally produced shows or features now include well over a dozen individual programming elements and we are looking to syndicate our Birdcalls show after stations in other regions have expressed interest. Our social media coverage and online analytics are stronger than ever, with hundreds of people listening across the country on a weekly basis, in addition to our 150,000 regular radio listeners in our region. Our spring Nielsen book was the best since 2013.

We are one of only 6 stations chosen nationally to host a special project with StoryCorps called One Small Step. We are still in the process of recording conversations as part of the project. Much of the project was delayed due to Covid-19.

Future improvement projects still include back-up power systems in El Dorado and Lufkin. We are still seeking funding for this. Due to frequent power issues in the Lufkin area, in particular, we are looking at ways of stabilizing this and preventing future damage to the transmitter there.

## **Contacting the Network's Financial Management**

This financial report is designed to provide a general overview of the Network's accountability for the money it receives. If you have questions about this report or you need additional information, please contact the Red River Radio Network at Louisiana State University in Shreveport, One University Place, Shreveport, Louisiana.

**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 18, 2020

Louisiana State University in Shreveport  
State of Louisiana  
Shreveport, Louisiana

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, a public telecommunications entity operated by Louisiana State University in Shreveport, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended (with summarized totals for 2019), and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Network's 2019 financial statements and, in our report dated December 17, 2019, we expressed an unmodified opinion on those financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

As described in Note 1, the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, are intended to present the financial position, changes in net assets, and cash flows on only that portion of the funds of Louisiana State University in Shreveport that is attributable to the transactions of the radio stations.

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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 Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on pages i-iii and Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 16 are presented for purposes of additional analysis and are not a required part of the 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 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 to 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2020, on our consideration of the Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Radio Station's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana



**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated by  
Louisiana State University in Shreveport

Statement of Financial Position  
June 30, 2020  
(With Comparative Totals for 2019)

Statement A

<u>A S S E T S</u>	2020 Operating Funds			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>Current assets:</u>				
Cash and cash equivalents	-	3,963	3,963	56,181
Prepays	-	1,700	1,700	-
Total current assets	-	5,663	5,663	56,181
<u>Property and equipment:</u>				
Building improvements (net of accumulated depreciation)	897,031	-	897,031	923,404
Equipment (net of accumulated depreciation)	62,969	-	62,969	36,663
Total property and equipment	960,000	-	960,000	960,067
Total assets	960,000	5,663	965,663	1,016,248
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities:</u>				
Accounts payable	213,760	-	213,760	131,672
Note payable	-	-	-	15,538
Total current liabilities	213,760	-	213,760	147,210
<u>Long-term liabilities:</u>				
Accrued sick and annual leave payable	61,452	-	61,452	55,272
Note payable	-	-	-	332,780
Total long-term liabilities	61,452	-	61,452	388,052
Total liabilities	275,212	-	275,212	535,262
<u>Net assets:</u>				
Without donor restrictions	684,788	-	684,788	424,805
With donor restrictions	-	5,663	5,663	56,181
Total net assets	684,788	5,663	690,451	480,986
Total liabilities and net assets	960,000	5,663	965,663	1,016,248

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

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS**

A Public Telecommunications Entity Operated by

Louisiana State University in Shreveport

Statement of Activities  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

Statement B

	2020 Operating Funds			2019  Total (Summarized)
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>Revenues, gains, and other support:</u>				
Contributions	363,348	3,963	367,311	390,176
Contribution-LSU Shreveport	357,984	-	357,984	-
Underwriting	103,404	-	103,404	209,116
Corporation for Public Broadcasting:				
Community service grant-general	-	92,708	92,708	96,606
National program production and acquisition grant	-	33,718	33,718	34,885
RLAIF grant	-	23,360	23,360	23,643
CARES Act fiscal stabilization grant	-	112,136	112,136	-
Community Foundation support	-	-	-	50,000
Other private foundations grants	68,617	-	68,617	20,223
In-kind contributions	4,811	-	4,811	4,202
Advertising barter contributions	29,038	-	29,038	32,361
Lease agreements	9,660	-	9,660	18,791
Total revenues, gains and other support	936,862	265,885	1,202,747	880,003
<u>Net assets released from restrictions</u>	316,403	(316,403)	-	-
<u>Expenses:</u>				
Program services-				
Programming and production	220,712	-	220,712	245,073
Broadcasting	257,856	-	257,856	234,396
Program information and promotion	21,195	-	21,195	18,214
Total program expenses	499,763	-	499,763	497,683
Supporting services-				
Management and general	355,871	-	355,871	339,394
Fundraising and membership development	67,621	-	67,621	62,067
Underwriting and grant solicitation	28,927	-	28,927	27,126
Total supporting expenses	452,419	-	452,419	428,587
Total expenses	952,182	-	952,182	926,270

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

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated by  
Louisiana State University in Shreveport

Statement of Activities  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

Statement B

	2020 Operating Funds			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>Change in net assets before capital depreciation</u>	301,083	(50,518)	250,565	(46,267)
<u>Capital Depreciation</u>	(41,100)	-	(41,100)	(32,131)
<u>Change in net assets after capital depreciation</u>	259,983	(50,518)	209,465	(78,398)
<u>Net assets, beginning of year</u>	424,805	56,181	480,986	559,384
<u>Net assets, end of year</u>	684,788	5,663	690,451	480,986

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

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS**

A Public Telecommunications Entity Operated by

Louisiana State University in Shreveport

Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

Statement C

	2020 Operating Funds			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>Cash flows from operating activities:</u>				
Change in net assets	259,983	(50,518)	209,465	(78,398)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation expense	41,100	-	41,100	32,131
Increase in accrued sick and annual leave payable	6,180	-	6,180	6,357
(Increase) in prepaids	-	(1,700)	-	-
Increase in accounts payable	82,088	-	82,088	49,113
Net cash provided (used) by operating activities	389,351	(52,218)	337,133	9,203
<u>Cash flows from investing activities:</u>				
Purchase of fixed asset	(41,033)	-	(41,033)	(382,513)
Net cash (used) by investing activities	(41,033)	-	(41,033)	(382,513)
<u>Cash flows from financing activities:</u>				
Proceeds/(payments) from notes payable	(348,318)	-	(348,318)	348,318
Net cash provided (used) by financing activities	(348,318)	-	(348,318)	348,318
<u>Net increase in cash and cash equivalents</u>	-	(52,218)	(52,218)	(24,992)
<u>Cash and cash equivalents at beginning of year</u>	-	56,181	56,181	81,173
<u>Cash and cash equivalents at end of year</u>	-	3,963	3,963	56,181
<u>Cash paid during the year for interest</u>	17,319	-	17,319	8,708

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

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Notes to the Financial Statements  
June 30, 2020

**1. Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

**A. Organization**

Louisiana State University in Shreveport is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana, and is under the management and supervision of a body corporate known as the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Board of Supervisors (the Board) is the governing body over all campuses under the organizational structure of the Louisiana State University (LSU) System. All members of the Board of Supervisors are appointed by the Governor. The Board of Supervisors is the legal holder of the licenses of all the stations in this network.

On September 14, 1981, the Board of Supervisors (the Board) approved establishment of a public radio station (network) to be housed at, and operated by, Louisiana State University in Shreveport (LSU-S). On October 29, 1982, the Federal Communication Commission (FCC) assigned it the call letters KDAQ-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB “supported” station. In 1985, the radio station attained this status.

In 1985, a second station was established on the Louisiana State University at Alexandria campus (LSU-A). This station was established to be operated by LSU-S as a simulcast of KDAQ-FM. On May 17, 1985, the FCC assigned it the call letters KLSA-FM.

In 1987, a third station was established in El Dorado, Arkansas, to be operated by LSU-S as a simulcast of KDAQ-FM. On June 4, 1987, the FCC assigned it the call letters KBSA-FM.

In 1991, a fourth station was established in Lufkin, Texas, to be operated by LSU-S as a simulcast of KDAQ-FM. On December 7, 1991, the FCC assigned it the call letters KLDN-FM.

In 1996, a translator was established in Grambling, Louisiana, to be operated by LSU-S as a simulcast of KDAQ-FM. The translator numbers K214CE were assigned by the FCC on March 10, 1996.

In 2018, a fifth station was established in Overton, Texas, to be operated by LSU-S as a simulcast of KDAQ-FM. On October 18, 2018, the FCC assigned it the call letters of KTYK-FM.

## **1. Summary of Significant Accounting Policies (Continued)**

KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, KTYK-FM Radio Stations (aka Red River Radio Network) are departmental budget units of LSU-S and are reported in the University's Annual Financial Statements in the same respect as a "public service department." The total departmental expenditures are reported in Analysis Schedule C-2A and C-2B of LSU-S's financial statements for the network.

### **B. Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the network, the accounts of the network are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and net assets of the station are reported in two self-balancing operating funds, which include without donor restrictions and with donor restrictions. These funds represent resources available for support of the network operations.

### **C. Contributions**

Contributions are recorded as revenue in the Statement of Activities when received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. For the years ended June 30, 2020 and 2019, contributions amounted to \$363,348 and \$390,176, respectively. However, an additional contribution was received in the year ended June 30, 2020 by Red River Radio Network from LSU-S in the amount of \$357,984.

While the main source of monetary support for the Network comes from listener contributions, the entity also receives grant monies from the Corporation for Public Broadcasting "CPB" and Louisiana Public Broadcasting "LPB." These funds continue to play an integral role in the operational aspects of the Network. For the years ended June 30, 2020 and 2019, monies received from CPB grants amounted to \$261,922 and \$155,134. The CPB is fully funded through an annual federal appropriation, which is subject to the annual budgetary approval process. The LPB is funded through several sources, including an annual state appropriation, underwriting sources, and CPB allocations. During the current fiscal year, no state appropriations were received related to LPB.

### **D. Statement of Cash Flows**

Cash flows are presented using the indirect method. Cash equivalents include demand deposits and bank certificates of deposit.

### **E. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on estimates of time and effort or other systematic bases.

## 1. Summary of Significant Accounting Policies (Continued)

### F. Indirect Administrative Support

The network occupies without charge certain premises located in and owned by the state.

Donated facilities from LSU-S consist of office and studio space together with related occupancy costs and are recorded as indirect administrative support from LSU-S. Occupancy cost allocated to the network for 2020 and 2019 was \$26,373 and \$26,373. Also included in indirect administrative support are costs associated with shared functions with LSU-S, such as accounting services, information technology, and campus police. For general services such as these, the indirect administrative support allocated to the network for 2020 and 2019 was \$278,263 and \$172,330, respectively. The total for indirect administrative support for 2020 and 2019 was \$304,636 and \$198,703, respectively. Computation for the above is reflected in Schedule B of the Corporation for Public Broadcasting Annual Financial Report. Due to the fact that the network is a departmental unit of LSU-S, the corresponding income and expense related to the contributed facilities is not reported on the face of the financial statement.

### G. Income Taxes

The network is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). It has not adopted any uncertain tax positions with respect to those amounts reported in its 2020 financial statements. Therefore, no provision for income taxes has been made in the financial statements. The network is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. As a tax exempt entity, the network must also assess whether it has any tax positions associated with unrelated business income subject to income tax. The network does not expect any of these tax positions to change significantly over the next twelve months.

### H. Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is recognized by the University using the straight-line method over the estimated useful life of the asset. The University maintains a physical inventory of all moveable equipment with an acquisition value of \$5,000 or more.

### I. Net Assets

The Radio Station is required to report information regarding its financial position and activities according to two classes of net assets as follows:

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. Some net assets without donor restrictions may be designated by the Advisory Board for specific purposes.

*With donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Radio Station, and/or by the passage of time. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## 1. Summary of Significant Accounting Policies (Continued)

At June 30, 2020, \$684,788 of the Radio Station's total net assets of \$690,451 were classified as without donor restrictions. The remaining \$5,663 was classified as with donor restrictions as the Radio Station received grant money in the current fiscal year that is for the next fiscal year's operations.

### J. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### K. Advertising Costs

The network expenses advertising costs as incurred. The Red River Public Radio Network recorded advertising expense of \$575 and \$9,664 during the years ended June 30, 2020 and 2019, respectively.

## 2. Liquidity and Availability

The Radio Station has \$3,963 of financial assets available within one year of the balance sheet date, consisting of cash of \$3,963. There are no donor restrictions that make the cash balance unavailable for general expenditure within one year of the balance sheet date, as these monies were granted for expenditure in the subsequent year. In addition, in order to meet its operating needs, the Radio Station also has available to it resources through its status as a departmental unit of LSU-S and through the accounting as explained in note 1.B. The Radio Station continues to have the support of the University.

As part of the Radio Station's liquidity management plan, meetings of the Community Advisory Board are conducted six times annually to review the financial needs of the Radio Station. The Radio Station strives to meet its financial goals by the end of each fiscal year. The Advisory Board conducts pledge drives, reviews the grant application process to ensure eligibility for future grants and adjusts programming as necessary based on revenue streams.

The Radio Station, with the assistance of the Community Advisory Board, has also undertaken a more aggressive approach to fundraising and underwriting as well as seeking out additional funding sources.

## 3. Property and Equipment

A summary of property and equipment is as follows:

	Balance 6/30/19	Additions	Deletions	Depreciation	Balance 6/30/20
Transmission and antenna	468,613	-	-	-	468,613
<u>Less-accumulated depreciation</u>	<u>(468,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(468,613)</u>
Total transmission and antenna	-	-	-	-	-
Satellite dish	39,450	-	-	-	39,450
<u>Less-accumulated depreciation</u>	<u>(39,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,450)</u>
Total satellite dish	-	-	-	-	-



### 3. Property and Equipment (Continued)

	Balance 6/30/19	Additions	Deletions	Depreciation	Balance 6/30/20
Studio and other broadcast equipment	618,656	41,033	-	-	659,689
<u>Less-accumulated depreciation</u>	<u>(581,993)</u>	<u>-</u>	<u>-</u>	<u>(14,727)</u>	<u>(596,720)</u>
Total studio and other broadcast equipment	36,663	41,033	-	(14,727)	62,969
Building improvements	1,054,926	-	-	-	1,054,926
<u>Less-accumulated depreciation</u>	<u>(131,522)</u>	<u>-</u>	<u>-</u>	<u>(26,373)</u>	<u>(157,895)</u>
Total building improvements	<u>923,404</u>	<u>-</u>	<u>-</u>	<u>(26,373)</u>	<u>897,031</u>
Total property and equipment	<u>960,067</u>	<u>41,033</u>	<u>-</u>	<u>(41,100)</u>	<u>960,000</u>

### 4. Long-Term Debt

On October 11, 2018, an agreement was entered into between the LSU-S and the Louisiana State University and Agricultural and Mechanical College (LSU) in which LSU lent \$348,317.83 to LSU-S for the purchase of the KTYK-FM radio station. This debt was to be repaid over ten years in quarterly installments at an interest rate of 5%. However, after the March 31, 2020 quarterly payment to LSU, the Network was able to pay the debt in full.

Interest expense was \$17,319 and \$8,708 for 2020 and 2019, respectively.

### 5. Leases

The network is obligated for operating leases in three (3) locations, for the purpose of operating the stations KBSA-FM, KLDN-FM, and KTYK-FM. The lease agreements consist of noncancellable five-year terms. Each lease contains a clause providing for a certain number of five (5) year automatic extensions at the end of the current term, which have been exercised in the case of the expired leases; however, both parties to the lease can forgo such an extension by providing timely notice as defined in the lease.

The total rental expense for 2020 and 2019 was \$62,298 and \$49,179, respectively. Each lease agreement stipulates that the lessor may, at his or her sole discretion, apply an annual increase or proportionate increase in the CPI-U to the previous year's base rent. The future minimum lease payments due under the lease agreements at June 30, 2020, are as follows:

<u>Nature of Lease</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 and Thereafter</u>	<u>Total</u>
Tower Rental	<u>64,688</u>	<u>54,841</u>	<u>44,616</u>	<u>41,566</u>	<u>-</u>	<u>-</u>	<u>205,711</u>

**5. Leases (Continued)**

The network entered into an agreement in October 2014 to lease a portion of a tower and a storage building to a tenant for five years for a monthly amount of \$530. The lease will renew automatically for four (4) additional terms of five (5) years each, with rent increasing each renewal period by three (3%) percent. The future minimum lease payments to be received by the network under this lease agreement at June 30, 2020 are as follows:

<u>Nature of Lease</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
Tower & Storage Building	<u>6,551</u>	<u>6,551</u>	<u>6,551</u>	<u>2,184</u>	<u>-</u>	<u>21,837</u>

**6. Accrued Leave Payable**

Employees accrue and accumulate annual and sick leave in accordance with policies established by the LSU Board of Supervisors for unclassified personnel, and by the Department of Civil Service for classified personnel. Substantially all employees accumulate annual and sick leave without limitation.

Upon separation of employment, personnel, or their heirs, are compensated for accumulated annual leave not to exceed 300 hours.

In addition, personnel, or their heirs, are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Upon retirement, any annual or sick leave not compensated for is used as credited service in either Louisiana Teacher’s Retirement System or Louisiana State Employees’ Retirement System.

The liability for unused annual and sick leave at June 30, 2020, is estimated to be \$36,352 and \$25,100, respectively, as reflected in Statement A. This estimated liability for compensated absences is calculated on a maximum of 300 hours for each employee having accumulated annual leave, and on a maximum of 200 hours of accumulated sick leave for unclassified employees. The liability is not calculated on sick leave balances accumulated by classified employees, since lump sum payments for sick leave only are made to retiring unclassified employees. Accrued leave payable for the year ended June 30, 2020 increased by \$6,180.

**7. Pension Plan**

Substantially all employees of the network are members of the Louisiana State Employees’ Retirement System (LASERS) and the Louisiana Teachers’ Retirement System (TRS), which is made available to them as employees of Louisiana State University in Shreveport. Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors’ benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the State legislature. The Systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. The reports may be obtained by writing to the Teachers’ Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

**7. Pension Plan (Continued)**

The contribution requirements of plan members and the radio station are established and may be amended by the State legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8 percent (TRS) and 8 percent (LASERS) of covered salaries. The state is required to contribute 25.3 percent of covered salaries to TRS and 40.7 percent of covered salaries to LASERS. The radio station's employer contribution is funded by self-generated revenues. The radio station's employer contributions to TRS for the years ended June 30, 2020 and 2019, were \$46,672 and \$36,709, respectively, and to LASERS for the years ended June 30, 2020 and 2019, were \$12,269 and \$9,301, respectively, equal to the required contributions for each year.

**8. Optional Retirement System**

LSA-R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the radio station are 28.4 percent of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$21,170 and \$19,828 for the years ended June 30, 2020 and 2019, respectively.

**9. Changes in Grant Advances with Donor Restrictions**

Balance, beginning of year	56,181
Additions-contributions and grants	265,885
Deductions-contributions and grants recognized as revenue or support	<u>(316,403)</u>
Balance, end of year	<u>5,663</u>

**10. Prior Year Financial Statements**

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 and presents summarized totals only.

**11. The Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund**

On September 26, 1996, the Community Foundation of North Louisiana (Foundation), a nonprofit corporation of Shreveport, Louisiana with its principal office located at 401 Edwards Street, Shreveport, Louisiana 71101, in coordination with the Community Advisory Board (CAB) for the Louisiana State University in Shreveport Public Radio Stations, established the Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund (Fund).

The Fund is to be used for the support of the purposes of CAB. The Fund is the property of the Foundation, and all distributions from the Fund must be approved by the Board of Directors. Distributions from the Fund to LSU in Shreveport for support of the radio stations are recognized as revenues in Statement B in the year the funds are actually received by LSU in Shreveport.

As of June 30, 2020, the Fund had a balance of \$144,082.

**12. In-Kind Contributions and Advertising Barter Transactions**

During the year ended June 30, 2020, the network received \$4,811 in contributions of in-kind goods and services. These gifts consisted of donated advertising, internet services and various other supplies. In addition, the network also recognized \$29,038 in advertising barter transactions. In-kind and advertising barter transactions for the year ended June 30, 2019 totaled \$4,202 and \$32,361, respectively.

**13. Functional Expense Reporting**

Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of time and effort or other reasonable bases.

	Program Expenses			Supporting Services			Total
	Programming and Production		Program Information and Promotion	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	
	Production	Broadcasting	Promotion	General	Development	Solicitation	
Salaries and wages	21,218	53,081	13,761	150,405	30,415	20,277	289,157
Travel	165	2,581	123	2,261	509	144	5,783
Operating services	27,858	92,429	4,150	109,859	21,079	4,828	260,203
Supplies	1,518	23,702	1,136	20,745	4,661	1,322	53,084
Professional services	1,724	15,787	748	13,779	3,078	870	35,986
Licensing fees	163,576	49,822	339	34,921	3,978	395	253,031
Other charges	4,653	20,454	938	23,901	3,901	1,091	54,938
	<u>220,712</u>	<u>257,856</u>	<u>21,195</u>	<u>355,871</u>	<u>67,621</u>	<u>28,927</u>	<u>952,182</u>

**14. Related Party Transaction**

Accounts payable of \$213,640 represents amounts paid by LSU-S on behalf of the Radio Station.

## 15. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740, “Subsequent Events,” the Network evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Network evaluated events through December 18, 2020, the date the financial statements were available for issue.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Network operates. It is unknown how long these conditions will last and what the financial effect will be to the Network.

**SUPPLEMENTARY INFORMATION**

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM AND KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated by  
Louisiana State University in Shreveport

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2020

Agency Head: Kermit Poling

Salary	68,495
Benefits - retirement	17,329
Benefits - health insurance	12,386

**OTHER REPORTS**



# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 18, 2020

Louisiana State University in Shreveport  
State of Louisiana  
Shreveport, Louisiana

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport, a public telecommunications entity operated by Louisiana State University in Shreveport, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, AND KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport were disclosed during the audit.
4. The Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, and KTYK-FM Louisiana State University in Shreveport were not subject to a federal single audit.

**B. Findings - Financial Statement Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs**

Not applicable

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, AND KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Schedule of Prior Year Findings  
For the Year Ended June 30, 2020

No matters were reported in the prior year.

**KDAQ-FM, KLSA-FM, KBSA-FM, KLDN-FM, AND KTYK-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Management's Corrective Action Plan  
For Current Year Findings  
For the Year Ended June 30, 2020

No matters were reported.