

**KVNO-FM**

(A Public Telecommunications Entity Operated  
by University of Nebraska at Omaha)

Independent Auditor's Report and Financial Statements  
June 30, 2021 and 2020

**KVNO-FM**  
**(A Public Telecommunications Entity Operated**  
**by University of Nebraska at Omaha)**  
**June 30, 2021 and 2020**

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## Independent Auditor's Report

Audit Committee  
Board of Regents  
University of Nebraska/KVNO-FM  
Lincoln, Nebraska

We have audited the accompanying financial statements of KVNO-FM (Station), a Public Telecommunications Entity operated by University of Nebraska at Omaha, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

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

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

### *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 KVNO-FM, a Public Telecommunications Entity operated by University of Nebraska at Omaha, as of June 30, 2021 and 2020, and the 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.

***Other Matter***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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.

**BKD, LLP**

Omaha, Nebraska  
January 13, 2022

**KVNO-FM**  
**(A Public Telecommunications Entity Operated**  
**by University of Nebraska at Omaha)**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2021 and 2020**

***Introduction***

The following discussion provides an overview of the financial position of KVNO-FM, (the Station) for the years ended June 30, 2021 and 2020, and includes an analysis of the Station's financial statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

This discussion and analysis has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes.

***Overview***

KVNO is operated by the University of Nebraska at Omaha and provides a noncommercial educational radio service to the Omaha-Council Bluffs metro area. The station's license is held by the University of Nebraska Board of Regents. The station's facilities are located in Omaha, Nebraska on the campus of the University of Nebraska at Omaha. Since 1972, the Station has broadcast primarily classical music, news and fine arts programming. Facilities include on-air production studios, a news center, offices, a reception area, engineering offices and workplace and a music library. The KVNO broadcast towers are located at 72nd and Crown Point in Omaha. KVNO-FM broadcasts in both analog and digital via a studio to transmitter link (STL) to our primary tower location and an analog only signal to a backup secondary transmitter and separate tower location when necessary. Both KVNO transmitters and antennas are located at the 72nd and Crown Point tower site on the KETV Channel 7 Tower and the KMTV Channel 3 tower. KVNO broadcasts at 8900 watts.

***Financial Highlights***

This discussion and analysis of the Station's financial statements provides an overview of the Station's financial performance during the years ended June 30, 2021, 2020, and 2019. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting change and current known facts, it should be read in conjunction with the Station's basic financial statements and the footnotes.

**KVNO-FM**  
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**Management's Discussion and Analysis**  
**Years Ended June 30, 2021 and 2020**

**Financial Highlights – Continued**

*Statements of Net Position*

The Statements of Net Position present the financial position of the Station at the end of the fiscal year and include all assets and liabilities of the Station. The net position presents the current financial condition of the Station. Assets and liabilities are generally measured using current values, with certain exceptions, such as capital assets which are stated at cost less accumulated depreciation. A summary of the Station's assets, liabilities and net position at June 30, 2021, 2020, and 2019 is as follows:

**Statements of Net Position**

	<b>June 30</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>			
Current assets	\$ 1,258,592	\$ 810,547	\$ 541,702
Non-current assets	3,520	4,800	6,080
Total assets	<u>1,262,112</u>	<u>815,347</u>	<u>547,782</u>
<b>Liabilities</b>			
Current liabilities	85,697	73,285	60,225
Total liabilities	<u>85,697</u>	<u>73,285</u>	<u>60,225</u>
<b>Net Position</b>			
Net investment in capital assets	3,520	4,800	6,080
Unrestricted	<u>1,172,895</u>	<u>737,262</u>	<u>481,477</u>
Total net position	<u>\$ 1,176,415</u>	<u>\$ 742,062</u>	<u>\$ 487,557</u>

Total assets increased approximately 54.8%, 48.9% and 51.3% for years ended June 30, 2021, 2020 and 2019, respectively. The increase is primarily due to the use of funding from the University and University of Nebraska Foundation to support operations. At June 30, 2021, the Station's net position was \$1,176,415. This is comprised of Unrestricted - \$1,172,895 and Net Investment in Capital Assets - \$3,520.

**KVNO-FM**  
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**Management's Discussion and Analysis**  
**Years Ended June 30, 2021 and 2020**

**Financial Highlights – Continued**

*Statements of Revenues, Expenses and Changes in Net Position*

The Statements of Revenues, Expenses and Changes in Net Position present the Station's results of operations. The statements distinguish revenues and expenses between operating and non-operating categories and provide a view of the Station's operating margin.

**Statements of Revenues, Expenses and Changes Net Position**

	<b>Years Ended June 30</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Operating Revenue</b>			
Program underwriting	\$ 22,427	\$ 38,000	\$ 40,057
Community Service Grants	97,640	101,684	100,633
Total operating revenues	<u>120,067</u>	<u>139,684</u>	<u>140,690</u>
<b>Operating Expenses</b>			
Program services	748,588	662,822	717,586
Supporting services	292,901	266,547	275,284
Total operating expenses	<u>1,041,489</u>	<u>929,369</u>	<u>992,870</u>
<b>Operating Loss</b>	<u>(921,422)</u>	<u>(789,685)</u>	<u>(852,180)</u>
<b>Nonoperating Revenues</b>	<u>1,355,775</u>	<u>1,044,190</u>	<u>1,034,240</u>
<b>Increase in Net Position</b>	434,353	254,505	182,060
<b>Net Position, Beginning of Year</b>	<u>742,062</u>	<u>487,557</u>	<u>305,497</u>
<b>Net Position, End of Year</b>	<u>\$ 1,176,415</u>	<u>\$ 742,062</u>	<u>\$ 487,557</u>

Total operating revenues decreased approximately 14.0%, 0.7%, and 14.7% for the years ended June 30, 2021, 2020 and 2019, respectively. Underwriting sales decreased during 2021, 2020, and 2019. Total operating expenses decreased from approximately \$992,000 to \$929,000 for the year ended June 30, 2020 before increasing to approximately \$1,041,000 for the year ended June 30, 2021. Total non-operating revenues increased by 29.9% and 1.0% for the years ended June 30, 2021 and 2020, respectively, and decreased 2.3% for the year ended June 30, 2019. Overall, this produced an increase in net position from \$742,062 to \$1,176,415 in 2021.

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**Management's Discussion and Analysis**  
**Years Ended June 30, 2021 and 2020**

**Financial Highlights – Continued**

*Statements of Cash Flows*

The Statements of Cash Flows provide a view of the sources and uses of the Station's cash resources. Comparative summary statements of cash flows for the years ended June 30, 2021, 2020, and 2019 are as follows:

**Statements of Cash Flows**

	<b>Years Ended June 30</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>			
Grants and contracts received	\$ 134,424	\$ 146,846	\$ 147,909
Payments to suppliers	(266,949)	(205,822)	(203,591)
Payments to employees	(573,639)	(526,309)	(599,163)
Net change in due to/due from University	(354,896)	(263,344)	(181,553)
Net cash used in operating activities	(1,061,060)	(848,629)	(836,398)
<b>Investing Activities</b>			
Purchase of property and equipment	-	-	(6,400)
Net cash used in investing activities	-	-	(6,400)
<b>Noncapital Financing Activities</b>			
Contributions	465,538	345,496	241,829
University appropriations	617,930	521,442	611,972
Transfers from assets held by others	(22,408)	(18,309)	(11,003)
Net cash provided by noncapital financing activities	1,061,060	848,629	842,798
<b>Change in Equity in Pooled Cash</b>	-	-	-
<b>Equity in Pooled Cash, Beginning of Year</b>	-	-	-
<b>Equity in Pooled Cash, End of Year</b>	\$ -	\$ -	\$ -

Cash used in operating activities reflects the continued need for funding from noncapital financing activities, as funding from grants and other operating revenues are not sufficient to cover operational needs. The Station's most significant source of cash is noncapital financing activities from the University, grants from the Corporation for Public Broadcasting (CPB), and donor contributions.



**KVNO-FM**  
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**Statements of Net Position**  
**June 30, 2021 and 2020**

**Assets**

	<b>2021</b>	<b>2020</b>
<b>Current Assets</b>		
Accounts and contributions receivable	\$ 4,740	\$ 5,770
Due from University	876,257	521,361
Prepaid expenses	2,575	2,575
Assets held by others	375,020	280,841
Total current assets	1,258,592	810,547
<b>Noncurrent Assets</b>		
Capital assets, net	3,520	4,800
Total noncurrent assets	3,520	4,800
Total assets	1,262,112	815,347

**Liabilities and Net Position**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 57,573	\$ 58,548
Unearned revenue	28,124	14,737
Total current liabilities	85,697	73,285
<b>Net Position</b>		
Net investment in capital assets	3,520	4,800
Unrestricted	1,172,895	737,262
Total net position	\$ 1,176,415	\$ 742,062

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**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues</b>		
Program underwriting	\$ 22,427	\$ 38,000
Community Service Grants (CSG)	97,640	101,684
	<hr/>	<hr/>
Total operating revenues	120,067	139,684
	<hr/>	<hr/>
<b>Operating Expenses</b>		
Program services		
Programming and production	549,219	480,085
Broadcasting	143,166	133,371
Program information	56,203	49,366
Supporting services		
Management, general and administrative	222,975	205,611
Fundraising	53,109	46,229
Underwriting	16,817	14,707
	<hr/>	<hr/>
Total operating expenses	1,041,489	929,369
	<hr/>	<hr/>
<b>Operating Loss</b>	<u>(921,422)</u>	<u>(789,685)</u>
<b>Nonoperating Revenues</b>		
University appropriations	617,930	521,442
Indirect University support	130,014	123,694
In-kind contributions	70,582	70,326
Foundations and non-profits contributions	11,349	11,416
Stabilization grants	144,443	75,000
Memberships and other individuals contributions	309,746	259,080
Investment gain (loss)	71,711	(16,768)
	<hr/>	<hr/>
Nonoperating revenues	1,355,775	1,044,190
	<hr/>	<hr/>
<b>Increase in Net Position</b>	434,353	254,505
<b>Net Position, Beginning of Year</b>	<u>742,062</u>	<u>487,557</u>
<b>Net Position, End of Year</b>	<u>\$ 1,176,415</u>	<u>\$ 742,062</u>

**KVNO-FM**  
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**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Grants and contracts received	\$ 134,424	\$ 146,846
Payments to suppliers	(266,949)	(205,822)
Payments to employees	(573,639)	(526,309)
Net change in due to/due from University	(354,896)	(263,344)
	<u>(1,061,060)</u>	<u>(848,629)</u>
<b>Noncapital Financing Activities</b>		
Contributions	465,538	345,496
University appropriations	617,930	521,442
Transfers to funds held by others	(22,408)	(18,309)
	<u>1,061,060</u>	<u>848,629</u>
<b>Change in Equity in Pooled Cash</b>	-	-
<b>Equity in Pooled Cash, Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Equity in Pooled Cash, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	(921,422)	(789,685)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	1,280	1,280
Indirect University support	130,014	123,694
In-kind contributions	70,582	70,326
Change in assets and liabilities		
Accounts receivable	970	(3,916)
Prepaid expenses	-	(44)
Accounts payable and accrued expenses	(975)	1,982
Due from University	(354,896)	(263,344)
Unearned revenue	13,387	11,078
	<u>13,387</u>	<u>11,078</u>
<b>Net Cash Used in Operating Activities</b>	<u>\$ (1,061,060)</u>	<u>\$ (848,629)</u>

**KVNO-FM**  
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**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

KVNO-FM (the “Station”) is operated by the University of Nebraska at Omaha (the University) and serves Eastern Nebraska and Western Iowa. The Station’s major emphasis is broadcasting classical music to its listening audience. The Station’s revenues and other support are derived principally from contributions and university appropriations.

***Basis of Accounting and Presentation***

The Station is considered a special purpose government engaged only in business-type activities. The financial statements of the Station have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The Station first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net position during the reporting period. Actual results could differ from those estimates.

***Assets Held by Others***

The Station is the beneficiary of funds held by other organizations related to the University. Pooled funds of \$375,020 and \$280,841 at June 30, 2021 and 2020, respectively, held by the University of Nebraska Foundation are recorded as assets held by others on the statements of net position.

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**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Accounts Receivable***

Accounts receivable consists of amounts billed to underwriters plus unbilled amounts for outstanding underwriting contracts. The Station analyzes collectability of underwriting and other receivables based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the underwriter. There is no allowance recorded at June 30, 2021 and 2020.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. The Station's capitalization policy includes all items with a cost greater than \$5,000 and an estimated useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Station:

Towers and Transmission Equipment	5-20 years
Production Equipment	5-15 years

***Compensated Absences***

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

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**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Net Position***

Net position of the Station is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

***Classification of Revenues***

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as federal and state grants and underwriting contracts.

*Nonoperating revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, such as contributed support by the University.

***Revenue Recognition***

The Station records revenue based on the following recognition policies:

Membership contributions are recognized as nonoperating revenues in the period they are received.

Unrestricted portions of Community Service Grants are recorded as revenue when received.

Grants for other purposes are recorded as unearned revenue, upon receipts of funds, until an expenditure is incurred for which the grant was intended. The amounts are then included in revenue. Upon completion of the project, any remaining balance in unearned revenue related to the project, if not required to be returned to the grantor, is recognized as revenue.

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

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**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Income Taxes***

As a component of a state institution of higher education, the income of the Station is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

***Indirect University Support***

Donated facilities from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense. Administrative support from the University consists of allocated administrative costs and certain other expenses incurred by the University on behalf of the Station.

***In-kind Contributions***

In addition to receiving cash contributions, the Station receives in-kind contributions of tower space from various donors. It is the policy of the Station to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2021 and 2020, \$70,582 and \$70,326, respectively, was received in in-kind contributions.

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**Note 2: Capital Assets**

Capital assets activity for the years ended June 30, 2021 and 2020, was:

<b>2021</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Towers and transmission equipment	\$ 318,069	\$ -	\$ -	\$ 318,069
Production equipment	50,735	-	5,908	44,827
Total	<u>368,804</u>	<u>-</u>	<u>5,908</u>	<u>362,896</u>
Less accumulated depreciation				
Towers and transmission equipment	313,269	1,280	-	314,549
Production equipment	50,735	-	5,908	44,827
Total	<u>364,004</u>	<u>1,280</u>	<u>5,908</u>	<u>359,376</u>
Property and equipment, net	<u>\$ 4,800</u>	<u>\$ (1,280)</u>	<u>\$ -</u>	<u>\$ 3,520</u>
<b>2020</b>				
Towers and transmission equipment	\$ 318,069	\$ -	\$ -	\$ 318,069
Production equipment	50,735	-	-	50,735
Total	<u>368,804</u>	<u>-</u>	<u>-</u>	<u>368,804</u>
Less accumulated depreciation				
Towers and transmission equipment	311,989	1,280	-	313,269
Production equipment	50,735	-	-	50,735
Total	<u>362,724</u>	<u>1,280</u>	<u>-</u>	<u>364,004</u>
Property and equipment, net	<u>\$ 6,080</u>	<u>\$ (1,280)</u>	<u>\$ -</u>	<u>\$ 4,800</u>



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**Note 3: Significant Estimates and Concentrations**

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

***Grants***

The Station's primary grantor is the Corporation for Public Broadcasting (CPB). During the years ended June 30, 2021 and 2020, the Station recognized grant revenue from the CPB totaling \$242,083 and \$176,684, respectively.

**Note 4: Related Party Transactions**

As described in Note 1, the Station is the beneficiary of funds held by other organizations related to the University, including the University of Nebraska Foundation. The Station's pooled cash is also held by the University.

The University provides appropriations and indirect support to the Station, as reported on the statements of revenues, expenses and changes in net position. Indirect support consists of certain administrative costs and other expenses incurred by the University on behalf of the Station.