

Board of Regents, Audit Committee and Management  
KVNO-FM  
Lincoln, Nebraska

As part of our audit of the financial statements of KVNO-FM (the Station) as of and for the year ended June 30, 2021, we wish to communicate the following to you.

## **AUDIT SCOPE AND RESULTS**

### **Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America**

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

### **Qualitative Aspects of Significant Accounting Policies and Practices**

#### *Significant Accounting Policies*

The Station's significant accounting policies are described in Note 1 of the audited financial statements.

#### *Alternative Accounting Treatments*

We had no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies.

### Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allocation of University costs and indirect support to the Station

### Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

No matters are reportable

### **Audit Adjustments**

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

*Areas in which adjustments were proposed include:*

- Reclassification of underwriting and contribution revenue
- Recording American Rescue Plan Act grant revenue
- Adjustment of deferred revenue and community grant revenue

*Proposed Audit Adjustments Not Recorded*

- Attached is a summary of an uncorrected misstatement we identified during the current engagement and pertaining to the latest period presented that was determined by management to be immaterial but more than trivial to the financial statements as a whole.

### **Auditor's Judgments About the Quality of the Entity's Accounting Principles**

During the course of the audit, we made the following observations regarding the Station's application of accounting principles:

No matters are reportable

## **Other Material Communications**

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

\* \* \* \* \*

This communication is intended solely for the information and use of management, the Board of Regents, Audit Committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

January 13, 2022

*Representation of:*  
KVNO-FM Radio  
University of Nebraska  
3835 Holdrege Street  
Lincoln, Nebraska 68583

*Provided to:*  
**BKD, LLP**  
Certified Public Accountants  
1120 S. 101<sup>st</sup> Street, Suite 410  
Omaha, Nebraska 68124

The undersigned (“We”) are providing this letter in connection with BKD’s audits of our financial statements of KVNO-FM (Station), a Public Telecommunications Entity operated by the University of Nebraska at Omaha (University) as of and for the years ended June 30, 2021 and 2020.

Our representations are current and effective as of the date of BKD’s report: January 13, 2022.

Our engagement with BKD is based on our contract for services dated: November 9, 2021.

### **Our Responsibility and Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

### **Confirmation of Matters Specific to the Subject Matter of BKD’s Report**

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.

3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
4. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
  - e. All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, liabilities or net position.
7. We believe the effects of the uncorrected financial statement misstatement summarized in the attached schedule is immaterial to the financial statements taken as a whole.
8. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
  - a. Management or employees who have significant roles in internal control, or
  - b. Others, where activities of others could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Station received in communications from employees, customers, regulators, suppliers, or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

11. We have disclosed to you the identity of all of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

12. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
  - b. Material transactions omitted or improperly recorded in the financial records.
  - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
  - e. Agreements to purchase assets previously sold.
  - f. Restrictions on cash balances or compensating balance agreements.
  - g. Guarantees, whether written or oral, under which the entity is contingently liable.
13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
14. We have no reason to believe the Station owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
15. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
16. Adequate provisions and allowances have been accrued for any material losses from:
- a. Uncollectible receivables, including pledges.
  - b. Reducing obsolete or excess inventories to estimated net realizable value.
  - c. Sales commitments, including those unable to be fulfilled.

- d. Purchase commitments in excess of normal requirements or above prevailing market prices.
17. Except as disclosed in the financial statements, the entity has:
    - a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
    - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
  18. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
  19. The allocation of expenses from the University to the Station and contributed support are reasonable and consistent with allocations in prior year.
  20. We have provided information for all funds at the University that are considered part of the Station.
  21. We represent the unrestricted CPB grants are considered revenue in the year received. The restricted portion is recorded as revenue as qualifying expenditures are incurred.
  22. We agree to the amount of University appropriations, indirect support and equity in pooled cash reported by KVNO-FM.
  23. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
  24. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
  25. With respect to any nonattest services you have provided us during the year, including preparation of a draft of the financial statements and related notes:
    - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
    - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
    - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

- d. We have evaluated the adequacy of the services performed and any findings that resulted.
26. With regard to deposit and investment activities:
- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
  - b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
27. We have considered all applicable conditions that are known and reasonably knowable as of the date of this letter for the purposes of performing management's going concern assessment. Based on management's going concern assessment, we have identified conditions or events that raise substantial doubt about the Station's ability to continue as a going concern. Management has identified plans that will adequately mitigate the conditions or events that raised substantial doubt. Such plans include continuing development efforts and appropriations and support from the University, and it is probable that such plans will be effectively implemented within one year after the financial statements are issued.
28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
29. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Stations are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, net realizable value of inventory, etc., that could negatively impact the Station's ability to meet debt covenants or maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Station's financial statements. Further, management and the Board are solely responsible for all aspects of managing the Station, including questioning the quality and valuation of investments, inventory and other assets, reviewing allowances for uncollectible amounts and evaluating capital needs and liquidity plans.




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Jessie Combs, University of Nebraska –  
Omaha Controller  
jessiecombs@unomaha.edu

**KVNO-FM**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**KVNO-FM**

**QUANTITATIVE ANALYSIS**

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	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	1,258,592		1,258,592	
Non-Current Assets & Deferred Outflows	3,520		3,520	
Current Liabilities	(85,697)	(2,340)	(88,037)	2.73%
Non-Current Liabilities & Deferred Inflows				
Current Ratio	14.687		14.296	-2.66%
Total Assets & Deferred Outflows	1,262,112		1,262,112	
Total Liabilities & Deferred Inflows	(85,697)	(2,340)	(88,037)	2.73%
Total Net Position	(1,176,415)	2,340	(1,174,075)	-0.20%
Operating Revenues	(120,067)		(120,067)	
Operating Expenses	1,041,485	2,340	1,043,825	0.22%
Nonoperating (Revenues) Exp	(1,355,771)		(1,355,771)	
Change in Net Position	(434,353)	2,340	(432,013)	-0.54%

Client: KVNO-FM

Period Ending: June 30, 2021

KVNO-FM

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Operating				Net Effect on Following Year			
			Current		Noncurrent		Current		Noncurrent		Revenues		Expenses		Nonoperating (Revenues) Exp		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To record the expense and payable for the June 2021 KETV invoice.		F	0	0	(2,340)	0				0	2,340	0	0			(2,340)	2,340	
	Operating Expenses										2,340					(2,340)		
	Accounts Payable and Accrued Expenses				(2,340)												2,340	
<b>Total passed adjustments</b>			0	0	(2,340)	0				0	2,340	0	0			(2,340)	2,340	
													<b>Impact on Change in Net Position</b>		<b>2,340</b>			
													<b>Impact on Net Position</b>		<b>2,340</b>			