

ANNUAL FINANCIAL REPORT
KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE
UNIVERSITY OF LOUISIANA AT LAFAYETTE
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of KRVS-FM Radio (A Public Telecommunications Entity operated by the University of Louisiana at Lafayette), which comprise the Statements of Net Position as of June 30, 2018 and 2017, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 principles 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of KRVS-FM Radio as of June 30, 2018 and 2017, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1A, the financial statements of KRVS-FM Radio are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the University of Louisiana at Lafayette that are attributable to the transactions of KRVS-FM Radio. They do not purport to, and do not present fairly the financial position of the University of Louisiana at Lafayette as of June 30, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–6 and the schedule of employer's share of net pension liability and employer contributions on pages 23-25 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 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.

Other Information

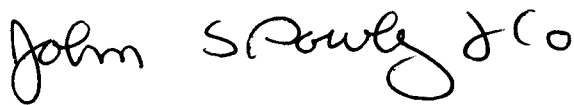
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise KRVS-FM Radio's basic financial statements. The other supplementary information on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information on page 26 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, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2018, on our consideration of KRVS-FM Radio'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 KRVS-FM Radio's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John S. Rowley & Co". The signature is written in a cursive style.

Lafayette, Louisiana
December 20, 2018

KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Introduction

The Management's Discussion and Analysis of KRVS-FM Radio's (KRVS) financial performance presents a narrative overview and analysis of KRVS's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in KRVS's financial statements, which begin on page 7.

Financial Highlights

- KRVS's assets exceeded liabilities at the close of fiscal year 2018 by \$38,873, which represents an increase of \$55,492 from last fiscal year mainly due to a decrease in net pension liability.
- Deferred outflows of resources and deferred inflows of resources related to pensions were \$154,515 and \$27,054, respectively, as of June 30, 2018. The deferred outflows and inflows of resources were a result of changes to the net pension liability.
- KRVS's operating revenues decreased \$63,670 (or 18.26%) while operating expenses decreased \$59,204 (or 7.31%). Non-operating revenues increased \$45,450 (or 11.50%).
- Net position decreased \$24,768 (or 12.96%) mainly due to the decrease in grant and underwriting revenue.

Overview of the Financial Statements

The minimum requirements for KRVS established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information, if applicable.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail data.

Basic Financial Statements

The basic financial statements present information for KRVS as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of KRVS is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how KRVS's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Basic Financial Statements (continued)

The Statement of Cash Flows presents information showing how KRVS's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method).

Financial Analysis of the Entity

Condensed Statements of Net Position
As of June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> | <u>Variance</u> |
|---|------------------|------------------|-----------------|
| Current Assets | \$225,978 | \$178,955 | \$47,023 |
| Equipment, net | <u>388,596</u> | <u>401,860</u> | <u>(13,264)</u> |
| <u>Total Assets</u> | <u>614,574</u> | <u>580,815</u> | <u>33,759</u> |
| Deferred Outflows of Resources | <u>154,515</u> | <u>246,777</u> | <u>(44,369)</u> |
| Current Liabilities | 88,894 | 52,633 | 36,261 |
| Noncurrent Liabilities | <u>486,807</u> | <u>544,801</u> | <u>(57,994)</u> |
| <u>Total Liabilities</u> | <u>575,701</u> | <u>597,434</u> | <u>(21,733)</u> |
| Deferred Inflows of Resources | <u>27,054</u> | <u>39,056</u> | <u>35,891</u> |
| Net Position: | | | |
| Invested in Capital Assets, net of debt | 388,596 | 401,860 | (13,264) |
| Unrestricted | <u>(222,262)</u> | <u>(210,758)</u> | <u>(11,504)</u> |
| <u>Total Net Position</u> | <u>166,334</u> | <u>191,102</u> | <u>(24,768)</u> |

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> | <u>Variance</u> |
|--|------------------|------------------|-----------------|
| <u>Operating Revenues</u> | | | |
| Operating Grants and Underwriting | \$141,362 | \$215,042 | \$(73,680) |
| Memberships and Contributions | <u>143,651</u> | <u>133,641</u> | <u>10,010</u> |
| <u>Total Operating Revenues</u> | <u>285,013</u> | <u>348,683</u> | <u>(63,670)</u> |
| <u>Operating Expenses</u> | | | |
| Programming and Broadcasting | 486,531 | 506,074 | (19,543) |
| Management and General | <u>263,917</u> | <u>303,578</u> | <u>(39,661)</u> |
| <u>Total Operating Expenses</u> | <u>750,448</u> | <u>809,652</u> | <u>(59,204)</u> |
| Operating Income (Loss) | <u>(465,435)</u> | <u>(460,969)</u> | <u>(4,466)</u> |
| <u>Non-operating Revenues</u> | <u>440,667</u> | <u>395,217</u> | <u>45,450</u> |
| <u>Increase (Decrease) in Net Position</u> | <u>(24,768)</u> | <u>(65,752)</u> | <u>40,984</u> |

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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Capital Assets

On June 30, 2018, KRVS had \$388,596 net of accumulated depreciation of \$567,248, invested in capital assets, all of which is equipment.

Economic Factors and Next Year's Operations

KRVS's management considered the following factors and indicators when planning next year's operations:

1. Impact from potential reductions in governmental funding sources.
2. Cost of living adjustments for salaries and other expenses.
3. Changing conditions in the broadcasting industry.

Contacting KRVS Management

This financial report is designed to provide our supporters and listeners with a general overview of KRVS's finances and to show KRVS's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karl Fontenot, Acting General Manager, KRVS, P.O. Box 42171, Lafayette, Louisiana, 70504.

KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash | \$211,824 | \$160,634 |
| Prepaid Expenses | <u>14,154</u> | <u>18,321</u> |
| <u>Total Current Assets</u> | <u>225,978</u> | <u>178,955</u> |
| <u>PROPERTY AND EQUIPMENT</u> | | |
| Equipment | 955,844 | 929,720 |
| Less: Accumulated Depreciation | <u>(567,248)</u> | <u>(527,860)</u> |
| <u>Total Property and Equipment</u> | <u>388,596</u> | <u>401,860</u> |
| <u>TOTAL ASSETS</u> | <u>614,574</u> | <u>580,815</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Deferred Outflows Related to Pensions | <u>154,515</u> | <u>246,777</u> |
| <u>LIABILITIES AND NET POSITION</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Deferred Revenue | <u>88,894</u> | <u>52,633</u> |
| <u>Total Current Liabilities</u> | <u>88,894</u> | <u>52,633</u> |
| <u>NONCURRENT LIABILITIES</u> | | |
| Compensated Absences Payable | 33,694 | 38,271 |
| Net Pension Liability | <u>453,113</u> | <u>506,530</u> |
| <u>Total Noncurrent Liabilities</u> | <u>486,807</u> | <u>544,801</u> |
| <u>TOTAL LIABILITIES</u> | <u>575,701</u> | <u>597,434</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred Inflows Related to Pensions | <u>27,054</u> | <u>39,056</u> |
| <u>NET POSITION</u> | | |
| Net Invested in Capital Assets | 388,596 | 401,860 |
| Unrestricted | <u>(222,262)</u> | <u>(210,758)</u> |
| <u>Total Net Position</u> | <u>166,334</u> | <u>191,102</u> |

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

KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| <u>OPERATING REVENUES</u> | | |
| Corporation for Public Broadcasting | \$ 98,915 | \$138,032 |
| Memberships and Contributions | 143,651 | 133,641 |
| Underwriting | <u>42,447</u> | <u>77,010</u> |
| <u>Total Operating Revenues</u> | <u>285,013</u> | <u>348,683</u> |
| <u>OPERATING EXPENSES</u> | | |
| <u>Program Services</u> | | |
| Programming and Production | 299,497 | 303,679 |
| Broadcasting | <u>187,034</u> | <u>202,395</u> |
| <u>Total Program Services</u> | <u>486,531</u> | <u>506,074</u> |
| <u>Supporting Services</u> | | |
| Management and General | <u>263,917</u> | <u>303,578</u> |
| <u>Total Supporting Services</u> | <u>263,917</u> | <u>303,578</u> |
| <u>Total Operating Expenses</u> | <u>750,448</u> | <u>809,652</u> |
| <u>OPERATING LOSS</u> | <u>(465,435)</u> | <u>(460,969)</u> |
| <u>NONOPERATING REVENUES</u> | | |
| University Support | 438,954 | 393,569 |
| Non-employer Pension Revenue | <u>1,713</u> | <u>1,648</u> |
| <u>Total Nonoperating Revenues</u> | <u>440,667</u> | <u>395,217</u> |
| <u>DECREASE IN NET POSITION</u> | <u>(24,768)</u> | <u>(65,752)</u> |
| <u>NET POSITION</u> , beginning of year | <u>191,102</u> | <u>256,854</u> |
| <u>NET POSITION</u> , end of year | <u>166,334</u> | <u>191,102</u> |

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

KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Corporation for Public Broadcasting | \$ 135,176 | \$ 138,776 |
| Memberships and Contributions | 143,651 | 133,641 |
| Underwriting | 42,447 | 77,010 |
| Payments for Employee Compensation | (198,444) | (221,077) |
| Payments for Employee Benefits | (70,029) | (78,752) |
| Payments for Supplies and Services | <u>(341,174)</u> | <u>(344,501)</u> |
| <u>Net cash used by operating activities</u> | <u>(288,373)</u> | <u>(294,903)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | |
| University Support | <u>365,687</u> | <u>311,542</u> |
| <u>Net cash provided by noncapital financing activities</u> | <u>365,687</u> | <u>311,542</u> |
| <u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u> | | |
| Payments for Equipment | <u>(26,124)</u> | <u>(1,025)</u> |
| <u>Net cash used by capital financing activities</u> | <u>(26,124)</u> | <u>(1,025)</u> |
| <u>NET INCREASE IN CASH</u> | 51,190 | 15,614 |
| <u>CASH, beginning of year</u> | <u>160,634</u> | <u>145,020</u> |
| <u>CASH, end of year</u> | <u>211,824</u> | <u>160,634</u> |
| <u>NON-CASH FINANCING ACTIVITIES:</u> | | |
| University Support | <u>\$ 73,267</u> | <u>\$ 82,027</u> |
| <u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</u> | | |
| Operating Loss | <u>\$(465,435)</u> | <u>\$(460,969)</u> |
| Adjustments to reconcile operating loss to net cash used by operating activities | | |
| Depreciation | 39,388 | 37,462 |
| University Support | 73,267 | 82,027 |
| Non-employer Pension Revenue | 1,713 | 1,648 |
| (Increase) decrease in Prepaid Expenses | 4,167 | 6,963 |
| Increase (decrease) in Deferred Revenue | 36,261 | 744 |
| Increase (decrease) in Net Pension Liabilities | 26,843 | 37,181 |
| Increase (decrease) in Compensated Absences Payable | <u>(4,577)</u> | <u>41</u> |
| <u>Net cash used by operating activities</u> | <u>(288,373)</u> | <u>(294,903)</u> |

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

KRVS-FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NATURE OF OPERATIONS

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

NOTE (1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

KRVS-FM Radio is a departmental budget unit of the University of Louisiana at Lafayette. As such, the financial transactions of the Station are maintained in separate accounts by the University. The accompanying financial statements of the Station contain sub-account information of the University. Annually, the University of Louisiana at Lafayette issues financial statements, which include the activity contained in the accompanying financial statements.

B. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

Proprietary funds are used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs, (expenses) including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Purchases of operating supplies are regarded as expenditures at the time of purchase and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year, unless material.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principle operating revenues for proprietary funds include activities that have the characteristics of exchange transactions, such as most federal, state and local grants, contracts and federal appropriations. Operating revenues also include contributions of cash and services donated by outside parties. Principle operating expenses are those expenses that are

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE (1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

essential to the primary operations of the Station. Other revenues and expenses are classified as non-operating in the financial statements.

D. CASH AND INVESTMENTS

Louisiana statutes authorize KRVS-FM Radio to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, the Louisiana Asset Management Pool, or any other federally insured investment.

E. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at fair market value at date of receipt. The radio station capitalizes all property and equipment with a cost, or value if donated, in excess of \$1,000. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from five to thirty years. Expenses for repairs and maintenance are charged to operating expenses as incurred.

F. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. The Station recognizes deferred inflows of resources related to pensions.

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. The Station recognizes deferred outflows of resources related to pensions.

G. CONTRIBUTIONS

Contributions are recorded as revenue when received. Contributions collected by the University of Louisiana at Lafayette Foundation on behalf of the Station and used to pay expenses on behalf of the Station are recognized as revenue in these financial statements. The related expenses are also recognized in these financial statements.

H. IN-KIND CONTRIBUTIONS

Support provided by the University of Louisiana at Lafayette is recorded in revenue and expense when received.

I. FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the Statement of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs are allocated between the programs and supporting services benefited.

KRVS-FM RADIO
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NOTES TO FINANCIAL STATEMENTS
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NOTE (1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. RESTRICTED RESOURCES

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

K. NET POSITION

The Station's net position is classified as follows:

Net Invested in Capital Assets

This represents the Station's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction or improvement of those capital assets, if any.

Restricted Net Position

Restricted net position consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position represents resources used for transactions relating to the general operations of the Station and may be used at the discretion of the Station's management to meet current expenses and for any purpose.

L. STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments with a maturity of three months or less when purchased.

M. 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 affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE (2) – CASH

At June 30, 2018 and 2017, cash consisted of demand deposits totaling \$211,824 and \$160,634, respectively. These deposits are part of pooled cash held and controlled by the University of Louisiana at Lafayette and are secured from risk by the university through a custodial agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be recovered. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged