



**KWAX-FM RADIO OF
UNIVERSITY OF OREGON**

**AUDIT REPORT
Year Ended June 30, 2022**

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Report of Independent Auditors

University of Oregon Board of Trustees
KWAX
Eugene, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KWAX Radio Station (the “Station”), a public telecommunications entity operated by the University of Oregon (the “University”), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise KWAX’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Station as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station’s ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the financial statements of the University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2022, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Moss Adams LLP

Portland, Oregon
November 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of KWAX-FM Radio (KWAX) of the University of Oregon (UO) for the fiscal years ended June 30, 2022, 2021, and 2020. The discussion is designed to assist the readers in understanding the accompanying financial statements through an objective and easily readable analysis of KWAX's financial activities.

Overview of the Basic Financial Statements

The MD&A serves as an introduction to KWAX's basic entity-wide financial statements. The entity-wide presentation is designed to provide readers with a broad overview of KWAX's finances, in a manner similar to a private sector business. These financial statements focus on KWAX's overall financial condition, its results of operations, and its cash flows. Because this presentation includes summarized formats, it should be read in conjunction with the financial statements, which are comprised of the following components:

The Report of Independent Auditors presents an unmodified opinion rendered by an independent certified public accounting firm, Moss Adams LLP, on the fairness in presentation (in all material respects) of the financial statements.

Statement of Net Position (SNP) presents KWAX's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion of KWAX's financial condition. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.

Statement of Activities (SA) presents the revenues earned and the expenses incurred during the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless of when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of the assets over their estimated useful lives. Revenues and expenses are reported as either operating or nonoperating. The primary source of operating revenue is underwriting and grants. Contributions and UO support are classified as nonoperating revenues.

Statement of Cash Flows (SCF) presents information on cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and KWAX's ability to meet financial obligations as they become due.

Notes to the Financial Statements (Notes) provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Analysis of the Statement of Net Position

Condensed Statement of Net Position

As of June 30,	2022	2021	2020
ASSETS			
Current Assets	\$ 122,158	\$ 264,342	\$ 128,848
Noncurrent Assets	1,470,288	1,335,749	105,517
Capital Assets, Net	550,215	609,501	716,023
Total Assets	2,142,661	2,209,592	950,388
LIABILITIES			
Current Liabilities	123,848	121,672	114,878
Noncurrent Liabilities	429,584	517,016	614,512
Total Liabilities	553,432	638,688	729,390
NET POSITION			
Invested in Capital Assets	550,215	609,501	716,023
Restricted For: Gifts, Grants and Contracts	1,470,288	1,353,437	105,517
Unrestricted	(431,274)	(392,034)	(600,542)
Total Net Position	1,589,229	1,570,904	220,998
Total Liabilities and Net Position	\$ 2,142,661	\$ 2,209,592	\$ 950,388

Comparison of Fiscal Year 2022 to Fiscal Year 2021

As of June 30, 2022, KWAX's current assets were \$122,158, and current liabilities were \$123,848. This represents a current ratio of 0.99. Current assets consist of cash and cash equivalents, and prepaid subscriptions & memberships. Included in noncurrent assets are capital assets (equipment) net of accumulated depreciation, right-of-use (ROU) assets for space at broadcasting towers and a production studio, both used to provide services, as well as an interest in a quasi-endowment held at the University of Oregon Foundation. Current liabilities consist of invoices payable and the current portion of lease obligations due; non-current liabilities are comprised of the long-term obligations incurred through the acquisition of ROU assets.

Cash on hand decreased \$140,455, or 53 percent, primarily due to the one-time emergency stabilization funds for public media included in the American Rescue Plan Act Stabilization Grants received by KWAX in fiscal year 2021. Capital assets, net of accumulated depreciation and amortization, decreased \$59,286, or 10 percent, due to depreciation and amortization.

Current liabilities increased \$2,176, or 2 percent. Non-current liabilities decreased \$87,432 in fiscal year 2022, or 17 percent, due to the year over year decrease of amounts due for lease obligations.

Within net position, the invested in capital assets amount of \$550,215 represents the total original cost of all KWAX's equipment and ROU assets less total accumulated depreciation and amortization on these assets. Net position increased \$18,325, or 1 percent.

Comparison of Fiscal Year 2021 to Fiscal Year 2020

As of June 30, 2021, KWAX's current assets were \$264,342, and current liabilities were \$121,672. This represents a current ratio of 2.17. Current assets consist of cash and cash equivalents, and prepaid subscriptions & memberships. Included in noncurrent assets are capital assets (equipment) net of

accumulated depreciation, ROU assets for space at broadcasting towers and a production studio, both used to provide services, as well as an interest in a quasi-endowment held at the University of Oregon Foundation. Current liabilities consist of invoices payable and the current portion of lease obligations due; non-current liabilities are comprised of the long-term obligations incurred through the acquisition of ROU assets.

Cash on hand increased \$135,069, or 106 percent, primarily due to emergency stabilization funds for public media included in the American Rescue Plan Act Stabilization Grants. Capital assets, net of accumulated depreciation and amortization, decreased \$106,522, or 15 percent, due to depreciation and amortization.

Current liabilities increased \$6,794, or 6 percent. Non-current liabilities decreased \$97,496 in fiscal year 2021, or 16 percent, due to the year over year decrease of amounts due for lease obligations.

Within net position, the invested in capital assets amount of \$609,501 represents the total original cost of all KWAX's equipment and ROU assets less total accumulated depreciation and amortization on these assets. Net position increased \$1,349,906, or 611 percent, primarily due to an increase in the Quasi-Endowment from the receipt of one legacy gift from a donor's estate.

Analysis of the Statement of Activities

The Statement of Activities presents the operating results of KWAX as well as the nonoperating revenues and expenses.

Condensed Statement of Activities

For the Year Ended June 30,	2022	2021	2020
Operating Revenues	\$ 203,066	\$ 403,615	\$ 282,999
Operating Expenses	566,714	564,136	544,323
Operating Loss	(363,648)	(160,521)	(261,324)
Net Nonoperating Revenues	381,973	1,510,427	454,291
Change in Net Position	18,325	1,349,906	192,967
Beginning Balance	1,570,904	220,998	28,031
Net Position - End of Year	\$ 1,589,229	\$ 1,570,904	\$ 220,998

Comparison of Fiscal Year 2022 to Fiscal Year 2021

Revenues

Total operating revenues, which are comprised of underwriting, and grants and contracts, for KWAX decreased \$200,549, or 50 percent. This was primarily due to the one-time receipt of American Rescue Plan Act emergency stabilization funds in fiscal year 2021. Nonoperating revenues decreased \$1,128,454, or 75 percent. Donor contributions, decreased \$1,201,608, or 100 percent, due to the receipt of one legacy gift from a donor's estate in fiscal year 2021.

As a listener-supported service of the University of Oregon, KWAX relies heavily on gifts from the public to maintain its classical music format. Support from the University of Oregon Foundation decreased

\$39,748, or 15 percent. State targeted funding remained at \$19,396 year over year. Interfund support increased \$625, or 66 percent.

Expenses

Total operating expenses of KWAX increased \$2,578, or less than 1 percent. Programming and production expense increased \$10,453, or 27 percent.

Broadcasting expense decreased \$40,533, or 98 percent, due to the implementation of GASB 87, which moved the rental expense of KWAX's lease of tower space to amortization and interest expenses. See Notes regarding leases, capital assets, and liabilities.

Management and general expenses increased \$25,577, or 7 percent. Fundraising and membership development expense increased \$212, or 8 percent.

Depreciation & amortization expenses increased \$6,779, or 6 percent, primarily due to the acquisition of an additional lease for tower space. Nonoperating expenses for interest related to lease liabilities decreased \$685 or 13 percent. Fiscal year 2022 included a net gain on sale of assets of \$1,210, an increase of 100 percent.

Comparison of Fiscal Year 2021 to Fiscal Year 2020

Revenues

Total operating revenues, which are comprised of underwriting, and grants and contracts, for KWAX increased \$120,616, or 43 percent, primarily due to American Rescue Plan Act emergency stabilization funds. Nonoperating revenues increased \$1,056,136, or 232 percent. Donor contributions increased \$1,201,608, or 100 percent, due to the receipt of one legacy gift from a donor's estate.

As a listener-supported service of the University of Oregon, KWAX relies heavily on gifts from the public to maintain its classical music format. Support from the University of Oregon Foundation decreased \$44,731, or 14 percent. State targeted funding increased \$484, or 3 percent. Interfund support increased \$496, or 109 percent.

Expenses

Total operating expenses increased \$19,813, or 4 percent. Programming and production expense decreased \$15,767, or 29 percent.

Broadcasting expense decreased \$69,285, or 63 percent, due partially to the implementation of GASB 87.

Management and general expenses increased \$8,758, or 2 percent. Fundraising and membership development expense decreased \$3,633, or 58 percent.

Depreciation & amortization expenses increased \$99,740, due to the implementation of GASB 87.

Nonoperating expenses were comprised of interest related to lease liabilities, and increased \$5,392 due to the implementation of GASB 87.

Requests for Information

This financial report is designed to provide a general overview of KWAX. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jamie Moffitt

Office of the Senior Vice President for Finance and Administration, Treasurer, and CFO
103 Johnson Hall
1283 University of Oregon
Eugene, OR 97403-1283
541-346-3003

FINANCIAL STATEMENTS

**KWAX Radio of University of Oregon
Statement of Net Position**

As of June 30,	2022	2021
ASSETS		
Cash On Hand	\$ 122,158	\$ 262,613
Prepaid Subscriptions & Memberships	-	1,729
Interest in Quasi-Endowment	1,470,288	1,335,749
Capital Assets, Net of Accumulated Depreciation	550,215	609,501
Total Assets	2,142,661	2,209,592
LIABILITIES		
Accounts Payable and Accrued Liabilities	19,085	24,177
Current Portion of Long-Term Liabilities	104,763	97,495
Long-Term Liabilities	429,584	517,016
Total Liabilities	553,432	638,688
NET POSITION		
Invested in Capital Assets	550,215	609,501
Restricted For: Gifts, Grants and Contracts	1,470,288	1,353,437
Unrestricted	(431,274)	(392,034)
Total Net Position	1,589,229	1,570,904
Total Liabilities and Net Position	\$ 2,142,661	\$ 2,209,592

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

**KWAX Radio of University of Oregon
Statement of Activities**

For the Year Ended June 30,	2022	2021
OPERATING REVENUES		
Underwriting	\$ 106,962	\$ 85,275
Grants and Contracts	96,104	318,340
Total Operating Revenues	203,066	403,615
OPERATING EXPENSES		
Program Services		
Programming & Production	49,283	38,740
Broadcasting	618	41,151
Total Program Services	49,901	79,891
Supporting Services		
Management & General	400,670	375,093
Fundraising & Membership Development	2,842	2,630
Total Supporting Services	403,512	377,723
Depreciation & Amortization	113,301	106,522
Total Operating Expenses	566,714	564,136
Operating Loss	(363,648)	(160,521)
NONOPERATING REVENUES (EXPENSES)		
Foundation Support	225,296	265,044
Investment Activity	139,243	28,789
Contributions	-	1,201,680
University of Oregon		
State Targeted Funding	19,396	19,396
Interfund Support	1,574	949
Gain on Sale of Assets, Net	1,210	-
Interest Expense	(4,746)	(5,431)
Net Nonoperating Revenues	381,973	1,510,427
Change in Net Position	18,325	1,349,906
NET POSITION		
Beginning Balance	1,570,904	220,998
Ending Balance	\$ 1,589,229	\$ 1,570,904

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

**KWAX Radio of University of Oregon
Statement of Cash Flows**

For the Year Ended June 30,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Underwriting	\$ 106,962	\$ 86,579
Grants and Contracts	96,104	327,095
Payments to Employees for Compensation and Benefits	(299,333)	(299,322)
Payments to Suppliers	(157,443)	(163,917)
Net Cash Used by Operating Activities	(253,710)	(49,565)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Foundation Support	225,296	265,044
State Targeted Funding	19,396	19,396
Interfund Support	1,574	949
Interest Payments	(4,746)	(5,431)
Net Cash Provided by Noncapital Financing Activities	241,520	279,958
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in Lease Obligations	(100,928)	(95,561)
Purchases of Capital Assets	(33,250)	-
Sales of Capital Assets	1,210	-
Net Cash Provided by Capital Financing Activities	(132,968)	(95,561)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	4,703	237
Net Cash Provided by Investing Activities	4,703	237
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(140,455)	135,069
CASH AND CASH EQUIVALENTS		
Beginning Balance	262,613	127,544
Ending Balance	\$ 122,158	\$ 262,613
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (363,648)	\$ (160,521)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation & Amortization Expense	113,301	106,522
Changes in Assets and Liabilities:		
Accounts Receivable	-	1,304
Prepaid Expenses	1,729	(2,433)
Invoices Payable	(5,092)	5,564
NET CASH USED BY OPERATING ACTIVITIES	\$ (253,710)	\$ (49,565)
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS		
Capital Assets Acquired by Incurring Lease Obligations	\$ 20,764	\$ 710,776

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

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements
Year Ended June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: The financial statements of KWAX have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the KWAX's accounting policies are described below.

A. Organization and Operation

KWAX is operated by the UO (the institutional licensee). UO records the transactions of KWAX within UO's financial statements. Because KWAX's financial statements present only a selected portion of the activities of UO, they are not intended to and do not present the financial position, changes in financial position and cash flows of the university as a whole.

B. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with KWAX's ongoing operations. The principal operating revenues of KWAX are underwriting and grants and contracts for specific operating activities of the station. Operating expenses include the cost of program services and support services, and depreciation on capital assets. Other revenues, typically from non-exchange transactions, such as support from the University of Oregon Foundation, UO interfund support, and state targeted funding, are not generated from operations and are considered nonoperating revenues.

C. Cash and Cash Equivalents

Cash balances of KWAX are pooled in bank accounts maintained by UO. For purposes of the statement of cash flows, cash and cash equivalents include KWAX's portion of UO's pooled accounts. The pooled accounts have the general characteristics of a demand deposit account.

D. Capital Assets

Capital assets consist of equipment with a useful life greater than one year. KWAX's capitalization threshold is \$5,000 for capital equipment. Donated assets are recorded at their fair market value on the date donated. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred. Capital equipment is depreciated using the straight-line method over a 3 to 11 year estimated life.

E. Leases

KWAX determines if an arrangement is a lease at inception. Previously reported operating leases were recorded as operating expenses in the Statement of Activities. The implementation of GASB Statement No. 87, *Leases* in fiscal year 2021 required that KWAX, as a lessee, recognize a lease liability and an intangible right-of-use (ROU) asset. Lessee arrangements are included in ROU assets and lease

liabilities on the Statement of Net Position. ROU assets represent KWAX's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. ROU assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. ROU assets are amortized in a systematic and rational manner over the shorter of the lease term or useful life of the underlying asset. Lease liabilities represent KWAX's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that KWAX will exercise that option.

F. Restrictions

When restricted and unrestricted resources are available for use, restricted resources are generally used first.

G. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH: Cash and investments are included in the UO cash and investments pool. Readers of these financial statements are referred to UO's annual comprehensive financial report at <https://ba.uoregon.edu/finance-and-accounting/financial-reports> for information regarding the extent in which deposits at UO are collateralized.

3. CAPITAL ASSETS:

The following is a summary of changes in KWAX's capital assets during the fiscal years:

Capital Assets	Balance June 30, 2020	Adjustments for GASB 87 Implementation	Restated Balance June 30, 2020	Additions	Balance June 30, 2021	Additions	Balance June 30, 2022
Equipment	\$ 245,386	\$ -	\$ 245,386		\$ 245,386	\$ 33,251	\$ 278,637
Less Accumulated Depreciation	(240,139)	-	(240,139)	(2,686)	(242,825)	(6,004)	(248,829)
Right-of-Use Assets	-	710,776	710,776		710,775.84	20,764	731,540
Less Accumulated Amortization	-	-	-	(103,836)	(103,836)	(107,297)	(211,132)
Total Capital Assets, Net	\$ 5,247	710,776	716,023		\$ 609,501	\$ (59,286)	\$ 550,215

4. LEASES: KWAX leases space at tower facilities from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2030 and provide for renewal options. In accordance with GASB 87, KWAX records ROU assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using KWAX's incremental borrowing rate. Variable payments are excluded from valuations

unless they are fixed in substance. KWAX does not have any leases featuring payments tied to an index or market rate or leases subject to a residual value guarantee. See Note 3. Capital Assets for information on ROU assets and associated accumulated amortization. See Note. 5 Long-Term Liabilities for liability activity and the future payments schedule.

5. LONG-TERM LIABILITIES:

Long-term liability activity was as follows:

Long-Term Payment Obligations	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year	Long-Term Portion
Right-of-Use Leases	\$ 614,511	\$ 17,330	\$ (97,494)	\$ 534,347	\$ 104,763	\$ 429,584
Total Long-Term Payment Obligations	\$ 614,511	\$ 17,330	\$ (97,494)	\$ 534,347	\$ 104,763	\$ 429,584

The schedule of principal and interest payments for KWAX debt is as follows:

Long-Term Liability Maturities

For the Year Ending June 30,	Right-of-Use Leases	Principal	Interest	Total Payments
2023	\$ 108,802	\$ 104,763	\$ 4,039	\$ 108,802
2024	110,927	107,712	3,215	110,927
2025	101,545	99,164	2,381	101,545
2026	95,350	93,774	1,576	95,350
2027	87,580	86,789	791	87,580
2028-2032	42,343	42,145	198	42,343
Total Future Payment Obligations	\$ 546,547	\$ 534,347	\$ 12,200	\$ 546,547
Less: Interest Component of Future Payments	\$ (12,200)			\$ (12,200)
Principal Portion of Future Payments	\$ 534,347			\$ 534,347

6. CONTINGENT LIABILITIES: The World Health Organization declared the novel coronavirus pandemic in March of 2020. KWAX did receive emergency stabilization funds through the American Rescue Plan Act. The pandemic remains an ever-changing situation; as a result, it is difficult to predict future impacts on financial markets and the global economy. Therefore, we are unable to estimate any future financial implications.

7. RESTATEMENT OF PRIOR PERIODS: The implementation of GASB Statement No. 87, *Leases*, required the restatement of prior periods presented in the financial statements for leasing activity of the university. Previously, KWAX had capital assets and operating lease revenues and expenses. As a result of the implementation, KWAX restated fiscal year ended June 30, 2020, KWAX increased assets by \$710,776, increased liabilities by \$710,776, for a zero net impact in total Net Position. KWAX did make changes within the categories under Net Position. See the table for more information.

	June 30, 2020 (previously reported)	Cumulative Effect of GASB 87 Implementation	June 30, 2020
ASSETS			
Cash On Hand	\$ 127,544		\$ 127,544
Accounts Receivable	1,304		1,304
Prepaid Subscriptions & Memberships	-		-
Interest in Quasi-Endowment	105,517		105,517
Capital Assets, Net of Accumulated Depreciation	5,247	710,776	716,023
Total Assets	239,612	710,776	950,388
LIABILITIES			
Invoices Payable	18,614	704	19,318
Current Portion of Long-Term Liabilities	-	95,560	95,560
Long-Term Liabilities	-	614,512	614,512
Total Liabilities	18,614	710,776	729,390
NET POSITION			
Invested in Capital Assets	5,247	710,776	716,023
Restricted For: Gifts, Grants and Contracts	-	105,517.00	105,517.00
Unrestricted	215,751	(816,293)	(600,542)
Total Net Position	220,998	-	220,998
Total Liabilities and Net Position	\$ 239,612	\$ 710,776	\$ 950,388