

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
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INDEPENDENT AUDITORS' REPORT

Board of Regents for the Oklahoma
Agricultural and Mechanical Colleges
Oklahoma State University – KOSU-FM Radio Station
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of KOSU-FM Radio Station (KOSU), a Public Broadcasting Entity operated by Oklahoma State University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise KOSU's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KOSU, as of June 30, 2023 and 2022, and the respective changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KOSU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As disclosed in Note 1, the accompanying financial statements of KOSU are intended to present the financial position and changes in net position and cash flows of only that portion of activities that is attributable to the transactions of KOSU. They do not purport to, and do not, present fairly the financial position of Oklahoma State University as of June 30, 2023 and 2022, and the changes in its net position and 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.

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 KOSU's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 KOSU'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.

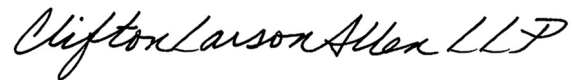
Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KOSU's ability to continue as a going concern for a reasonable period of time.

Board of Regents for the Oklahoma
Agricultural and Mechanical Colleges
Oklahoma State University – KOSU-FM Radio Station

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of KOSU'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 solely 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 effectiveness of KOSU's 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 KOSU's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

St. Louis, Missouri
December 27, 2023

**KOSU-FM RADIO STATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Overview of Financial Statements and Financial Analysis

KOSU-FM Radio Station (KOSU), a Public telecommunications entity owned and operated by Oklahoma State University (the University), presents its financial statements for fiscal year 2023 and 2022, with comparative data presented for fiscal year 2021. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of KOSU's financial statements provides an overview of its financial activities for the year.

Statements of Net Position

The Statements of Net Position present the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows minus liabilities minus deferred inflows) as of the end of the fiscal year. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of KOSU. The difference between current and noncurrent assets is discussed in the footnotes to the financial statements.

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of KOSU. They are also able to determine how much KOSU owes vendors. Finally, the Statements of Net Position provide a picture of the net position and their availability for expenditures by KOSU.

Net position is divided into three categories. The first category, net investment in capital assets, provides KOSU's equity in property, plant, and equipment owned by the University. The next category, restricted, is divided into two categories, nonexpendable and expendable. The nonexpendable restricted resources are only available for investment purposes. Expendable restricted are available for expenditure by KOSU but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources. The final category is unrestricted. Unrestricted resources are available to KOSU for any lawful purpose of the station. The following chart is a summary of the Statements of Net Position over the last three fiscal years.

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	2023	2022 (As Restated)	2021
ASSETS			
Current Assets	\$ 566,185	\$ 723,762	\$ 555,307
Capital Assets, Net of Accumulated Depreciation	1,521,907	1,834,240	2,057,701
Other Assets	143,745	126,583	135,709
Total Assets	2,231,837	2,684,585	2,748,717
DEFERRED OUTFLOWS OF RESOURCES	126,279	116,208	272,839
LIABILITIES			
Current Liabilities	559,654	897,465	1,117,747
Noncurrent Liabilities	1,263,962	1,160,275	1,625,018
Total Liabilities	1,823,616	2,057,740	2,742,765
DEFERRED INFLOWS OF RESOURCES	109,670	303,634	159,245
NET POSITION			
Net Investment in Capital Assets	725,134	934,761	1,132,974
Restricted – Nonexpendable	140,799	126,583	135,709
Restricted – Expendable	275,951	451,868	572,797
Unrestricted	(717,054)	(1,073,793)	(1,721,934)
Total Net Position	<u>\$ 424,830</u>	<u>\$ 439,419</u>	<u>\$ 119,546</u>

In fiscal year 2023, total assets decreased by \$452,748 or 16.86 percent over fiscal year 2022. The decrease is due primarily to a decrease in capital assets, net of accumulated depreciation of \$312,333, and a decrease in beneficial interest in assets held by OSU Foundation of \$128,580.

In fiscal year 2022, total assets decreased by \$64,132 or 2.33 percent over fiscal year 2021. The decrease is due primarily to a decrease in capital assets, net of accumulated depreciation of \$223,461, offset by an increase in beneficial interest in assets held by OSU Foundation of \$141,205.

In fiscal year 2023, deferred outflows of resources increased by \$10,071. This was due to an increase in deferred costs on pension programs and other postemployment benefits. In fiscal year 2022, deferred outflows of resources decreased by \$156,631. This was due to a decrease to deferred costs on pension programs.

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In fiscal year 2023, total liabilities decreased by \$234,124 or 11.38 percent over fiscal year 2022. The decrease was due to a decrease in the bank overdraft of \$111,095, a decrease in the unearned revenue of \$178,863 and a decrease in the lease liability of \$89,744. This was offset by an increase in the pension liability of \$135,020 and an increase in the accrued compensated absences of \$17,792.

In fiscal year 2022, total liabilities decreased by \$685,025 or 24.98 percent over fiscal year 2021. The decrease was due to a decrease in the pension liability of \$427,957, the Paycheck Protection Program loan payable of \$161,587, and unearned revenue of \$112,534. This was offset by an increase in the bank overdraft of \$68,435.

In fiscal year 2023, deferred inflows of resources decreased by \$193,964 from fiscal year 2022 due to a decrease in deferred inflows for pension liabilities. In fiscal year 2022, deferred inflows of resources increased by \$144,389 from fiscal year 2021 due to an increase in deferred inflows for pension liabilities.

In fiscal year 2023, net position decreased \$14,589, while in fiscal year 2022, net position increased \$319,873.

Statements of Revenues, Expenses, and Changes in Net Position

While the 2022 – 2023 comparisons are important indicators of activity during the year under audit, it is important to look at some of the operating and nonoperating categories over time. One of the important measures of an organization's fiscal stability is how operating revenues compare to operating expenses.

The following table summarizes the revenues, expenses, and changes in net position for KOSU over the last three years:

	2023	2022 (As Restated)	2021
Operating Revenues	\$ 1,748,287	\$ 1,731,530	\$ 1,450,681
Operating Expenses	2,589,053	2,291,041	2,388,029
Operating Loss	(840,766)	(559,511)	(937,348)
Nonoperating Revenues	814,177	879,285	733,052
Loss Before other Revenues, Expenses, Gains, and Losses	(26,589)	319,774	(204,296)
Addition to Permanent Endowments	12,000	99	-
Other Revenues, Expenses, Gains, and Losses	-	-	-
Increase (Decrease) in Net Position	<u>\$ (14,589)</u>	<u>\$ 319,873</u>	<u>\$ (204,296)</u>

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Operating revenues of \$1,748,287 in fiscal year 2023 increased \$16,757 or 0.97 percent over fiscal year 2022. The increase is due to an increase in contributions of \$166,107 and miscellaneous income of \$38,912. This is offset by a decrease in community service grants of \$81,157 and underwriting revenue of \$107,105.

Operating revenues of \$1,731,530 in fiscal year 2022 increased \$280,849 or 19.36 percent over fiscal year 2021. The increase is due to an increase in community and rural service journalism grants of \$237,617 and underwriting revenue of \$135,942. This is offset by a decrease in contributions of \$74,763 and miscellaneous income of \$17,947.

The following table summarizes the operating revenues of KOSU for the last three years:

	2023	2022 (As Restated)	2021
OPERATING REVENUES			
Contributions	\$ 861,981	\$ 695,874	\$ 770,637
In-Kind Contributions	-	-	-
Miscellaneous Income	61,532	22,620	40,567
Community and Rural Service Grants	245,750	209,439	157,301
Private Foundation Grant and Journalism Grants	258,911	376,379	190,900
Underwriting Revenue	320,113	427,218	291,276
	<u>\$ 1,748,287</u>	<u>\$ 1,731,530</u>	<u>\$ 1,450,681</u>
Total Operating Revenues	<u>\$ 1,748,287</u>	<u>\$ 1,731,530</u>	<u>\$ 1,450,681</u>

Operating expenses for fiscal year 2023 increased \$298,012 or 13.01 percent over fiscal year 2022. The increase is primarily due to an increase in compensation and employee benefits of \$306,153, university facilities and administrative support of \$46,912, utilities of \$23,413, supplies and materials of \$22,302, travel of \$21,527 and depreciation expense of \$18,552. This is offset by a decrease in other operating expenses of \$64,832, professional and consulting services of \$46,127 and programming services of \$21,262.

Operating expenses for fiscal year 2022 decreased \$96,988 or 4.06 percent over fiscal year 2021. The decrease is primarily due to a decrease in compensation and employee benefits of \$199,906 and university facilities and administrative support of \$13,303. This is offset by an increase in professional and consulting services of \$73,437 and programming services of \$21,280.

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	2023	2022 (As Restated)	2021
OPERATING EXPENSES			
Compensation and Employee Benefits	\$ 1,096,908	\$ 790,755	\$ 990,661
Professional and Consulting Services	214,581	260,708	187,271
Programming Services	435,036	456,298	435,018
Supplies and Materials	67,870	45,568	51,684
Travel	28,805	7,278	3,846
Communications	19,043	27,669	27,124
Utilities	88,655	65,242	58,766
University Facilities and Administrative Support	221,721	174,809	188,112
Depreciation	319,714	301,162	296,190
Other Operating Expense	96,720	161,552	149,357
	<u>\$ 2,589,053</u>	<u>\$ 2,291,041</u>	<u>\$ 2,388,029</u>
Total Operating Expenses			

Nonoperating revenues in fiscal year 2023 of \$814,177 decreased \$65,108 or 7.40 percent from fiscal year 2022. Nonoperating revenues consisted of allocations from the University, donated facilities and administrative support, interest expense and investment income. The decrease was due to a decrease in gain on extinguishment of debt of \$ 161,587. This was offset by an increase in allocation from OSU of \$37,514, facilities and administrative support of \$46,912 and investment income of \$11,701.

Nonoperating revenues in fiscal year 2022 of \$879,285 increased \$146,233 or 19.95 percent more than fiscal year 2021. Nonoperating revenues consisted of allocations from the University, donated facilities and administrative support, gain on extinguishment of debt, interest expense and investment income. The increase was due to an increase in the gain on extinguishment of debt of \$161,587 and allocations from OSU of \$29,956. This was offset by a decrease in investment income of \$31,374 and donated facilities and administrative support of \$13,303.

	2023	2022 (As Restated)	2021
Allocations from OSU	\$ 593,929	\$ 556,415	\$ 526,459
Donated Facilities and Administrative Support	221,721	174,809	188,112
Gain on Extinguishment of Debt	-	161,587	-
Interest Expense	(8,779)	(9,131)	(8,498)
Investment Income (Loss), Net	7,306	(4,395)	26,979
	<u>\$ 814,177</u>	<u>\$ 879,285</u>	<u>\$ 733,052</u>
Total Nonoperating Revenues			

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Statements of Cash Flows

The final statement presented by KOSU is the Statements of Cash Flows. The Statements of Cash Flows presents detailed information about the cash activity of the station during the year. The statement is divided into four sections.

The first section deals with operating cash flows and shows the net cash (used in) provided by the operating activities of KOSU. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating and noncapital financing purposes. The third section reflects the cash flows from investing activities and shows the proceeds from investing activities. The fourth section reconciles the net cash used to the operating income or loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position.

	2023	2022 (As Restated)	2021
CASH PROVIDED (USED) BY			
Operating Activities	\$ (320,077)	\$ (461,995)	\$ (159,747)
Noncapital Financing Activities	431,637	578,470	231,608
Investing Activities	7,306	(4,395)	26,979
Capital and Related Financing Activities	<u>(118,866)</u>	<u>(112,080)</u>	<u>(98,840)</u>
NET CHANGE IN CASH	-	-	-
Cash - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
CASH - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

In fiscal years 2023 and 2022, the cash and cash equivalents, end of year, remained at zero. There was no overall change in cash and cash equivalents from 2022 to 2023 and 2021 to 2022.

Economic Outlook

Known factors affecting KOSU's economic outlook in the short-term include the following.

- Corporation for Public Broadcasting: In December 2023, Congress approved and the President signed into law a government funding package that includes a \$535 million advance appropriation for public broadcasting through CPB for Fiscal Year 2024. This represents a fourth annual increase in advance funding after a decade with no increase in federal support for public media. Public media's infrastructure to deliver emergency communications is aging. The new funding package includes \$60 million in interconnection funding to support digital infrastructure and \$56 million for station infrastructure associated with emergency alerts and the Next Generation Warning System. However, the FY2025 request faces strong headwinds in the U.S. House of Representatives.

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- Oklahoma State University Support: Public higher education is faced with many challenges because of general economic conditions and volatile enrollment. The Station received increased funding from Oklahoma State University in FY23 to partially fund a merit raise program for employees. Station management acknowledges the significant indirect administrative support provided to the Station by the University. Support of KOSU by individual and corporate donors and community foundations and grants is restricted to the Station and not available to the University.
- Individual Donations: With unpredictable inflation and the threat of an economic recession, membership has been volatile, but it continues to be a strong source of Station funding. The COVID-19 pandemic accelerated changes in media consumption, increasing digital consumption. Across media, digital users are less loyal than traditional broadcast listeners and are more difficult to convert to members. KOSU continues to test methods that could increase membership in this fractured and unpredictable environment. However, many existing individual donors have steadily increased giving.
- Underwriting: Corporate support in FY2023 was volatile across the public media system. With high inflation and an unpredictable economy, many businesses were conservative with their marketing budgets. We expect volatility to continue into FY2024.
- Grants: Station management continues to build partnerships with potential grant funders. In FY2024, we expect significant movement on grant movement with a new project announcement and associated funding projected for Q3. Station management is also pursuing options associated with Press Forward, a national program meant to catalyze philanthropic gifts to local journalism, such as that produced by KOSU.

Rachel Hubbard
KOSU-FM Radio Station Director

Megan Horton
Interim Associate Vice President for
Enrollment and Brand Management

KOSU-FM RADIO STATION
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STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
CURRENT ASSETS		
Accounts Receivable	\$ 4,194	\$ 10,638
Prepaid Expenses	31,180	39,517
Beneficial Interest in Assets Held by OSU Foundation	530,811	673,607
Total Current Assets	566,185	723,762
NONCURRENT ASSETS		
Beneficial Interest in Assets Held by OSU Foundation	140,799	126,583
Other Postemployment Benefits	2,946	-
Capital Assets, Net of Accumulated Depreciation	1,521,907	1,834,240
Total Noncurrent Assets	1,665,652	1,960,823
Total Assets	2,231,837	2,684,585
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	123,410	116,208
Other Postemployment Benefits Related	2,869	-
Total Deferred Outflows of Resources	126,279	116,208
CURRENT LIABILITIES		
Bank Overdraft	76,727	187,822
Accounts Payable	79,727	78,345
Accrued Expenses	11,120	6,774
Accrued Compensated Absences	89,066	71,274
Current Portion of Lease Liability	26,340	89,797
Current Portion of Subscription Liability	3,669	11,585
Unearned Revenue	273,005	451,868
Total Current Liabilities	559,654	897,465
NONCURRENT LIABILITIES		
Pension Liability	497,198	362,178
Lease Liability	763,372	789,659
Accrued Interest Payable	3,392	8,438
Total Noncurrent Liabilities	1,263,962	1,160,275
Total Liabilities	1,823,616	2,057,740
DEFERRED INFLOWS OF RESOURCES		
Pension Related	108,680	303,634
Other Postemployment Benefits Related	990	-
Total Deferred Inflows of Resources	109,670	303,634
NET POSITION		
Net Investment in Capital Assets	725,134	934,761
Restricted:		
Nonexpendable	140,799	126,583
Expendable	275,951	451,868
Unrestricted	(717,054)	(1,073,793)
Total Net Position	\$ 424,830	\$ 439,419

See accompanying Notes to Financial Statements.

KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
OPERATING REVENUES		
Contributions	\$ 861,981	\$ 695,874
Miscellaneous Income	61,532	22,620
Community and Rural Service and Journalism Grants	504,661	585,818
Underwriting Revenue	320,113	427,218
Total Operating Revenues	<u>1,748,287</u>	<u>1,731,530</u>
OPERATING EXPENSES		
Compensation and Employee Benefits	1,096,908	790,755
Professional and Consulting Services	214,581	260,708
Programming Services	435,036	456,298
Supplies and Materials	67,870	45,568
Travel	28,805	7,278
Communications	19,043	27,669
Utilities	88,655	65,242
University Facilities and Administrative Support	221,721	174,809
Depreciation and Amortization	319,714	301,162
Other Operating Expense	96,720	161,552
Total Operating Expenses	<u>2,589,053</u>	<u>2,291,041</u>
OPERATING LOSS	(840,766)	(559,511)
NONOPERATING REVENUES (EXPENSES)		
General Allocations from OSU	593,929	556,415
Donated Facilities and Administrative Support	221,721	174,809
Gain on Extinguishment of Debt	-	161,587
Interest Expense	(8,779)	(9,131)
Investment Income (Expense)	7,306	(4,395)
Total Nonoperating Revenues	<u>814,177</u>	<u>879,285</u>
INCOME (LOSS) BEFORE REVENUES, GAINS, AND LOSSES	(26,589)	319,774
Addition to Permanent Endowments	<u>12,000</u>	<u>99</u>
INCREASE (DECREASE) IN NET POSITION	(14,589)	319,873
Net Position - Beginning of Year	<u>439,419</u>	<u>119,546</u>
NET POSITION - END OF YEAR	<u>\$ 424,830</u>	<u>\$ 439,419</u>

See accompanying Notes to Financial Statements.

**KOSU-FM RADIO STATION
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STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions, Grants, Underwriting, and Miscellaneous Receipts	\$ 1,704,448	\$ 1,468,720
Cash Paid to Suppliers	(940,991)	(1,059,336)
Cash Paid to Employees	(1,083,534)	(871,379)
Net Cash Used by Operating Activities	<u>(320,077)</u>	<u>(461,995)</u>
CASH FLOWS FROM NONCAPITAL FINANCING AND OTHER ACTIVITIES		
General Allocations from OSU	530,732	509,936
Change in Bank Overdraft	(111,095)	68,435
Additions to Permanent Endowments	<u>12,000</u>	<u>99</u>
Net Cash Provided by Noncapital Financing and Other Activities	431,637	578,470
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income (Loss)	<u>7,306</u>	<u>(4,395)</u>
Net Cash Provided (Used) by Investing Activities	7,306	(4,395)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Lease Liability Activities	(110,950)	(100,486)
Subscription Liability Activities	<u>(7,916)</u>	<u>(11,594)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(118,866)</u>	<u>(112,080)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

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A PUBLIC BROADCASTING ENTITY OPERATED BY
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STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (840,766)	\$ (559,511)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	319,714	301,162
On-Behalf Contribution to Teachers' Retirement System	63,197	46,479
University Facilities and Administrative Support	221,721	174,809
Changes in Assets and Liabilities:		
Accounts Receivable, Net	6,444	(9,071)
Prepaid Expenses	8,337	(9,053)
Other Postemployment Benefits	(2,946)	
Beneficial Interest in Assets Held by OSU Foundation	128,580	(141,205)
Accounts Payable	1,382	(25,968)
Pension Liability	135,020	(427,957)
Accrued Expenses	4,346	3,108
Accrued Compensated Absences	17,792	(3,274)
Unearned Revenue	(178,863)	(112,534)
Deferred Outflows	(10,071)	156,631
Deferred Inflows	(193,964)	144,389
	<u>\$ (320,077)</u>	<u>\$ (461,995)</u>
Net Cash Used by Operating Activities		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Facilities and Administrative Support	\$ 221,721	\$ 174,809
Capital Assets Acquired through Leases and Subscriptions	7,886	69,701

See accompanying Notes to Financial Statements.

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The accompanying financial statements include the accounts of the KOSU-FM Radio Station (KOSU) of Oklahoma State University. KOSU is owned and operated by Oklahoma State University (the University) and is not a separate corporation, but a public service entity of the University. The University is governed by the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Board of Regents) and is a member of the Oklahoma State System of Higher Education, a component unit of the state of Oklahoma (the State).

The accompanying financial statements have been prepared from the separate records maintained by management of the University and may not necessarily be indicative of the conditions that would have existed or the results of operations if KOSU had been operated as an unaffiliated entity. Portions of certain revenues and expenses represent allocations made from items applicable to Oklahoma State University as a whole.

Financial Statement Presentation

As a member of the Oklahoma State System of Higher Education, the University (which includes KOSU) presents its financial statements in accordance with requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of KOSU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting

KOSU's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash Equivalents

KOSU considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges and Accounts Receivable

KOSU engages in semiannual fundraising campaigns manifested by on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to KOSU for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Uncollected pledges that are not enforceable against contributors are not shown as assets on the statement of net position.

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OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Pledges and Accounts Receivable (Continued)

Accounts receivable consists primarily of unconditional contributions receivable including amounts due under pledge agreements.

Capital Assets

Capital assets, including right-to-use assets, are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, KOSU's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for building improvements, 10 years for leasehold improvements, and 5 to 7 years for equipment. Amortization of right-to-use assets are amortized over the shorter of the life of the associated lease term or the remaining useful life of the asset leased.

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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Programming

Licensed program materials from National Public Radio (NPR) are expensed when purchased.

In-Kind Contributions

The estimated fair value of in-kind contributions, primarily advertising, is recorded as revenue and expense in the period received. There were no in-kind contributions for the years ended June 30, 2023 and 2022.

Deferred Outflows of Resources

KOSU reports its proportionate share of changes in net position generated by the University's defined benefit pension plan or other postemployment benefits that relate to future periods as deferred outflows of resources in a separate section of its statements of net position.

Unearned Revenues

Unearned revenues include amounts received for underwriting and from grant sponsors that have not yet been earned.

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OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Compensated Absences

The liability and expense incurred for employee vacation pay are recorded as accrued compensated absences in the statements of net position, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net position.

Pension and Benefit Plans

The University participates in a cost-sharing multiple-employer defined benefit pension plan. The fiduciary net position of the Teacher Retirement System of Oklahoma (OTRS) has been determined on the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from OTRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

KOSU is a party as lessee for various noncancellable long-term leases. The corresponding lease payable is recorded in an amount equal to the present value of the expected future minimum lease payments discounted by an applicable interest rate.

Subscription-Based Information Technology Arrangements

KOSU contracts subscription-based information technology for operating activities for various terms under long-term, non-cancelable agreements. As of June 30, 2023, KOSU holds one contract in which the agreement expires in fiscal year 2024.

Deferred Inflows of Resources

KOSU reports its proportionate share of changes in net position generated by the University's defined benefit pension plan or other postemployment benefits that relate to future periods as deferred inflows of resources in a separate section of its statements of net position.

Income Taxes

The University is exempt from income taxes under Section 115(1) of the Internal Revenue Code, as amended. As a department of the University, KOSU is also exempt from income taxes.

Contributed Facilities and Indirect Administrative Support

KOSU occupies without charge certain premises located in and owned by the University. The estimated fair value of the premises is reported as revenue and expenditure in the period when the premises are used.

**KOSU-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Contributed Facilities and Indirect Administrative Support (Continued)

Indirect administrative support was provided by various offices and services of the University. In 2020, the CPB developed a method called the Standard Method. KOSU is required to use the Standard Method, which includes direct costs and indirect costs. Donated facilities and indirect administrative support of \$221,721 and \$174,809 were recorded for the years ended June 30, 2023, and 2022, respectively.

Net Position

KOSU's net position is classified as follows:

Net Investment in Capital Assets – This represents KOSU's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which KOSU is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position – Nonexpendable: Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Position – Unrestricted net position represents resources derived from the recovery of facilities and administrative costs and services of auxiliary operations. These resources are used for transactions relating to the educational and general operations of KOSU, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, KOSU's policy is to use prudent decision processes to determine which resources will be applied based on availability of funding, donor intent, and returns available from idle funds.

Classification of Revenues

KOSU has classified its revenues as either operating or nonoperating revenues in accordance with the guidelines established by GASB No. 34. It is the policy of KOSU to include contributions in operating revenues as contributions are a main source of funding and are used for general operating expenses.

**KOSU-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

In 2023, KOSU adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement establishes that a subscription-based information technology arrangement results in a right-to-use subscription asset and a corresponding subscription liability. It provides criteria for outlays other than subscription payments, including implementation costs of subscription-based information technology arrangements and requires note disclosures.

As a result of the implementation, the following financial statement line items for fiscal year 2022 were restated:

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Net Position			
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation	\$ 1,834,240	\$ 1,824,222	\$ 10,018
Current Liabilities			
Current Portion of Subscription Liability	11,585	-	11,585
Noncurrent Liabilities			
Accrued Interest Payable	8,438	8,433	5
Net Position			
Invested in Capital Assets, Net of Debt	934,761	936,333	(1,572)
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses			
Depreciation Expense	301,162	296,001	5,161
Other operating Expense	161,552	165,152	(3,600)
Nonoperating Revenues (Expenses)			
Interest Expense	(9,131)	(9,120)	(11)

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Cash Flows			
Operating Activities			
Cash Paid to Suppliers	\$ (1,059,336)	\$ (1,062,937)	\$ 3,601
Capital Financing Activities			
Subscription Liability Activities	(11,594)	-	(11,594)
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Changes in Assets and Liabilities:			
Operating Loss	(559,511)	(557,950)	(1,561)
Depreciation Expense	301,162	296,001	5,161

The University also restated *Note 5* and *Note 8* as a result of the implementation.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

At June 30, 2023 and 2022, the carrying amount of KOSU's cash and cash equivalents was \$-0-. Cash equivalents would generally consist of deposits with the state treasurer and U.S. financial institutions.

By Oklahoma statute, the state treasurer is required to ensure that all state funds are either insured by the Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. KOSU's deposits with the state treasurer are pooled with funds of other state agencies, and then in accordance with statutory limitations, placed in financial institutions, or invested as the state treasurer may determine, in the State's name.

KOSU requires that balances on deposit with financial institutions be insured by the FDIC or collateralized by securities held by the cognizant Federal Reserve Bank in KOSU's name.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable includes unconditional contributions and pledges receivable that are expected to be collected within the following year as follows at June 30:

	<u>2023</u>	<u>2022</u>
Contributions and Pledges Receivables	\$ 4,194	\$ 10,638
Total Accounts Receivable	<u>\$ 4,194</u>	<u>\$ 10,638</u>

NOTE 4 UNEARNED REVENUE

Unearned revenue consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Underwriting	\$ 17,816	\$ 16,210
Grants and Contracts	<u>255,189</u>	<u>435,658</u>
Total	<u>\$ 273,005</u>	<u>\$ 451,868</u>

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NOTE 5 CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30:

	2023					
	June 30, 2022	Additions	Transfers	Disposals	June 30, 2023	
COST OF CAPITAL ASSETS						
Records and Tapes	\$ 173,867	\$ -	\$ -	\$ -	\$ 173,867	
Building and Leasehold Improvements	243,977	4,856	-	-	248,833	
Office Machines	1,913	-	-	-	1,913	
Broadcast Equipment	320,116	-	-	-	320,116	
Programming and Production Equipment	64,224	-	-	-	64,224	
Automobiles	11,000	-	-	-	11,000	
Towers	2,473,005	-	-	-	2,473,005	
Transmitter Facilities (Building and Transmitter Equipment)	272,459	-	-	-	272,459	
Intangible Assets	45,000	-	-	-	45,000	
Right to Use Assets - Land	55,722	-	-	(1,323)	54,399	
Right to Use Assets - Building	1,013,869	-	-	(28,468)	985,401	
Subscription Asset	23,179	7,886	-	-	31,065	
Total Cost of Capital Assets	4,698,331	12,742	-	(29,791)	4,681,282	
ACCUMULATED DEPRECIATION						
Records and Tapes	(173,867)	-	-	-	(173,867)	
Building and Leasehold Improvements	(221,709)	(27,124)	-	-	(248,833)	
Office Machines	(1,913)	-	-	-	(1,913)	
Broadcast Equipment	(320,116)	-	-	-	(320,116)	
Programming and Production Equipment	(64,224)	-	-	-	(64,224)	
Automobiles	(11,000)	-	-	-	(11,000)	
Towers	(1,613,146)	(168,310)	-	-	(1,781,456)	
Transmitter Facilities (Building and Transmitter Equipment)	(199,231)	(6,811)	-	-	(206,042)	
Intangible Assets	(45,000)	-	-	-	(45,000)	
Right to Use Assets - Land	(3,927)	(2,619)	-	1,200	(5,346)	
Right to Use Assets - Building	(203,464)	(100,545)	-	23,230	(280,779)	
Subscription Asset	(6,494)	(14,305)	-	-	(20,799)	
Total Accumulated Depreciation	(2,864,091)	(319,714)	-	24,430	(3,159,375)	
Net Capital Assets	\$ 1,834,240	\$ (306,972)	\$ -	\$ (5,361)	\$ 1,521,907	

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

	2022				
	June 30, 2021	Additions	Transfers	Disposals	June 30, 2022
COST OF CAPITAL ASSETS					
Records and Tapes	\$ 173,867	\$ -	\$ -	\$ -	\$ 173,867
Building and Leasehold Improvements	243,977	-	-	-	243,977
Office Machines	1,913	-	-	-	1,913
Broadcast Equipment	320,116	-	-	-	320,116
Programming and Production Equipment	64,224	8,000	(8,000)	-	64,224
Automobiles	47,834	-	-	(36,834)	11,000
Towers	2,473,005	-	-	-	2,473,005
Transmitter Facilities (Building and Transmitter Equipment)	272,459	-	-	-	272,459
Intangible Assets	45,000	-	-	-	45,000
Right to Use Assets - Land	1,200	54,522	-	-	55,722
Right to Use Assets - Building	1,013,869	-	-	-	1,013,869
Subscription Asset	-	15,179	8,000	-	23,179
Total Cost of Capital Assets	4,657,464	77,701	-	(36,834)	4,698,331
ACCUMULATED DEPRECIATION					
Records and Tapes	(173,867)	-	-	-	(173,867)
Building and Leasehold Improvements	(206,621)	(15,088)	-	-	(221,709)
Office Machines	(1,913)	-	-	-	(1,913)
Broadcast Equipment	(320,116)	-	-	-	(320,116)
Programming and Production Equipment	(64,224)	(1,333)	1,333	-	(64,224)
Automobiles	(47,834)	-	-	36,834	(11,000)
Towers	(1,444,836)	(168,310)	-	-	(1,613,146)
Transmitter Facilities (Building and Transmitter Equipment)	(192,420)	(6,811)	-	-	(199,231)
Intangible Assets	(45,000)	-	-	-	(45,000)
Right to Use Assets - Land	(1,200)	(2,727)	-	-	(3,927)
Right to Use Assets - Building	(101,732)	(101,732)	-	-	(203,464)
Subscription Asset	-	(5,161)	(1,333)	-	(6,494)
Total Accumulated Depreciation	(2,599,763)	(301,162)	1,333	36,834	(2,864,091)
Net Capital Assets	\$ 2,057,701	\$ (223,461)	\$ 1,333	\$ -	\$ 1,834,240

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

KOSU received a Paycheck Protection Program Loan (PPP) loan established by the CARES Act totaling \$161,587 in April 2021. KOSU elected to account for the funding as a loan in accordance with ASC Topic 470, Debt in fiscal year 2021. During fiscal year 2022, the debt was legally released and the forgiveness of the loan was recognized as a gain on extinguishment of debt in the financial statements.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 GRANTS

Community Service

The CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. The CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

Certain guidelines must be satisfied in connection with application for and use of the CSGs to maintain eligibility and compliance requirements. These guidelines pertain to the use of CSG funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

The CSGs received and expended during the years ended June 30, 2023, and 2022 were as follows:

Year of Grant	Grants Received	Expended as of June 30, 2023	Expended as of June 30, 2022	Uncommitted Balance at June 30, 2023	Uncommitted Balance at June 30, 2022
10/1/2022 - 2024	\$ 157,217 *	\$ -	\$ -	\$ 157,217	\$ -
10/1/2021 - 2023	\$ 145,337 **	\$ 142,477	\$ -	\$ -	\$ 145,337
10/1/2020 - 2022	\$ 139,215 ***	\$ 139,215	\$ 139,215	\$ -	\$ -

* These amounts were received during the year ended June 30, 2023.

** These amounts were received during the year ended June 30, 2022.

*** These amounts were received during the year ended June 30, 2021.

Coronavirus Aid, Relief, and Economic Security Act Fiscal Stabilization Funds

The CPB board of directors unanimously approved a distribution plan for the \$75 million of emergency stabilization funds for public media included in the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), which was signed into law on March 27, 2020.

Congress directed that the funds for public media be used to maintain programming and services and preserve the ability of small and rural public media stations to continue to provide essential information, educational content, and services to the American people.

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JUNE 30, 2023 AND 2022**

NOTE 7 GRANTS (CONTINUED)

**Coronavirus Aid, Relief, and Economic Security Act Fiscal Stabilization Funds
(Continued)**

The distribution plan was a consensus recommendation of the Advisory Group of public radio and television system representatives convened by CPB. The Advisory Group followed two primary principles in developing the funding formula: 1) to follow congressional intent on ensuring the preservation of small or rural stations, and 2) that the funding approach would be simple in its construct, impactful and easy to explain to interested audiences. The Advisory Group recommended splitting the \$75 million stabilization funds equally between television and radio grantees. KOSU received \$75,000 on April 27, 2020. As of June 30, 2022, expenditures for the life of the grant were \$75,000.

Ethics and Excellence in Journalism Foundation

The Ethics and Excellence in Journalism Foundation (EEJF) has a mission to invest in the future of journalism by building the ethics, skills, and opportunities needed to advance principled, probing news and information. The EEJF does this through contributions to media institutions and journalism schools nationwide, primarily in areas of investigative reporting, youth education, professional development, and special opportunities. The EEJF awarded a grant to Oklahoma State University Foundation on behalf of KOSU in the amount of \$50,000 for the purpose of "KOSU Community Engagement Journalism Expansion." The funds were received in October 2019. As of June 30, 2022, expenditures for the life of the grant were \$50,000.

Kirkpatrick Foundation

The Kirkpatrick Foundation awards grants to organizations with projects and programs that complement the mission of the foundation, within its areas of interest: arts, culture, education, animal wellbeing, environmental conservation, and historic preservation. On March 16, 2020, Oklahoma State University Foundation was awarded a grant from the Kirkpatrick Foundation on behalf of KOSU in the amount of \$40,000 for the project, "KOSU Election 2020: Listening to Oklahoma." The funds are to be used solely to support the project. As of June 30, 2022, expenditures for the life of the grant were \$40,000.

The Lenfest Institute for Journalism

The Lenfest Institute was founded in 2016 by the late cable television entrepreneur H.F. (Gerry) Lenfest. The Lenfest Institute is building viable, replicable models for sustainable local news enterprises across the country.

On April 28, 2020, KOSU was awarded a grant from The Lenfest Institute for Journalism in the amount of \$100,000 for the purpose of sustaining current operations and continuing the acceleration of digital transformation. The three primary goals established by KOSU for the funds is 1) Ensuring access to credible information for vulnerable populations. 2) Enhance remote working capabilities and accelerate local reporting. 3) Build audience. As of June 30, 2022, expenditures for the life of the grant were \$100,000.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 GRANTS (CONTINUED)

First American Reporting Fellowship

KOSU received a "First Americans Reporting Fellowship" in the amount of \$100,000 on February 28, 2020. As part of the fellowship, KOSU is committed to hiring an Indigenous journalist to report on the economic impact the 39 Native American tribes and their people have in Oklahoma as well as reporting on cultural preservation, environmental issues, and social issues of the tribes. This will be accomplished by the work of the reporter appearing as feature audio stories during *Morning Edition* and *All Things Considered* on KOSU. KOSU requested an additional \$100,000 to continue this work for a second year and received the funding in April 2021 and after a third request, an additional \$110,000 was received in December 2022. The First Americans Reporting Fellowship grants received and expended during the years ended June 30, 2023 and 2022 were as follows:

Date Received	Grants Received	Expended as of June 30, 2023	Expended as of June 30, 2022	Uncommitted Balance at June 30, 2023	Uncommitted Balance at June 30, 2022
12/1/2022	\$ 110,000	\$ 106,477	\$ -	\$ 3,523	\$ -
4/9/2021	\$ 100,000	\$ 100,000	\$ 91,585	\$ -	\$ 8,415
2/28/2020	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -

The Groundtruth Project

The Groundtruth Project is an award-winning, independent, nonpartisan, nonprofit news organization dedicated to supporting the next generation of journalists in the United States (U.S.) and around the world. Their mission is to restore journalism from the ground up by supporting the next generation of journalists through field reporting that serves under-covered corners of the U.S. and the world. An initiative of The Groundtruth Project is Report for America (RFA). Report for America is a national service program that places journalists into local newsrooms to report on under-covered issues and communities. It is structured to harness the skills and idealism of an emerging group of journalists plus the creative spirit of local news organizations.

The Groundtruth Project, enters into an agreement with KOSU, (the Host News Organization) on an annual basis to provide a percentage of the annual salary of two RFA Corps Members. Payments are to be made quarterly in the first month of each quarter with the agreement beginning in June and ending the following May. In June 2021, KOSU signed an agreement to provide up to \$12,553 for each Member. The expenditures for this agreement were \$24,112 for the year ended June 30, 2022. In June 2022, KOSU signed an additional agreement to provide up to \$21,000 for each Member. The expenditures for this agreement were \$28,480 and \$13,520 for the years ended June 30, 2023 and 2022, respectively. In June 2023, KOSU signed an agreement to provide up to \$13,860 for each Member. The expenditures for this agreement were \$7,125 for the year ended June 30, 2023.

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NOTE 7 GRANTS (CONTINUED)

American Rescue Plan Act Stabilization Grants

The American Rescue Plan Act of 2021 was signed into law by the President on March 11, 2021. It provided CPB with \$175 million and authorized fiscal stabilization grants to public telecommunications entities to maintain their programming and services and to prevent, prepare for, and respond to the coronavirus. KOSU accepted the grant of \$156,080 in April 2021. As of June 30, 2023 and 2022, expenditures for the life of the grant were \$156,080 and \$57,925, respectively.

Sustaining Journalism Grants

KOSU received a grant from Inasmuch Foundation to create capacity for additional fundraising to sustain journalism in Oklahoma. KOSU received \$50,000 in June 2021. As of June 30, 2022, expenditures for the life of the grant were \$50,000.

KOSU received a grant from Local Media Foundation to support and strengthen Oklahoma's local journalism ecosystem and spur innovation through statewide collaboration that benefits diverse audiences. KOSU received \$5,000 in June 2021. As of June 30, 2023 and 2022, there were no expenditures.

Blindspot Podcast: Tulsa Burning

KOSU received grants to support the KOSU Blindspot podcast: Tulsa Burning that covered discussions on the Tulsa Race Massacre. KOSU received \$15,000 in June 2021. As of June 30, 2022, expenditures for the life of the grant were \$15,000.

Public Health Emergency Funding

KOSU received a \$20,000 grant in fiscal year 2022 to address misinformation and community questions about COVID-19 and COVID-19 vaccinations. As of June 30, 2023 and 2022, expenditures for the life of the grant were \$20,000 and \$19,900, respectively.

Civic Information Project Fund

KOSU received a grant in fiscal year 2022 for \$156,000 for the Civic Information Project, which is designed to recreate the information ecosystem in Oklahoma to facilitate a place for common understanding and connecting the things people care about with their civic participation. As of June 30, 2023 and 2022, expenditures for the life of the grant were \$63,314 and \$-0-, respectively.

StoryCorps – One Small Step

KOSU received a grant in fiscal year 2022 for \$38,000 for the One Small Step Project of StoryCorps, which provides individuals with an opportunity to share and listen to stories of those who hold opposing political viewpoints. As of June 30, 2022, expenditures for the life of the grant were \$38,000.

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NOTE 8 LONG-TERM LIABILITIES

Long-term liability activity was as follows for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Lease Liability	\$ 879,456	\$ -	\$ (89,744)	\$ 789,712	\$ 26,340
Subscription Liability	11,585	7,286	(15,202)	3,669	3,669
Pension Liability	362,178	135,020	-	497,198	-
Total	<u>\$ 1,253,219</u>	<u>\$ 142,306</u>	<u>\$ (104,946)</u>	<u>\$ 1,290,579</u>	<u>\$ 30,009</u>

Long-term liability activity was as follows for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Lease Liability	\$ 1,015,069	\$ -	\$ (135,613)	\$ 879,456	\$ 89,797
Subscription Liability	7,189	15,990	(11,594)	11,585	11,585
Pension Liability	790,135	-	(427,957)	362,178	-
Total	<u>\$ 1,812,393</u>	<u>\$ 15,990</u>	<u>\$ (575,164)</u>	<u>\$ 1,253,219</u>	<u>\$ 101,382</u>

NOTE 9 FUNCTIONAL EXPENSE CLASSIFICATION

KOSU's operating expenses by functional classification were as follows for the years ended June 30:

	2023	2022 (As Restated)
Program Services:		
Programming and Production	\$ 1,321,018	\$ 1,120,458
Broadcasting	568,570	576,463
Support Services:		
Fundraising	491,861	413,615
Management and General	207,604	180,505
Total	<u>\$ 2,589,053</u>	<u>\$ 2,291,041</u>

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NOTE 10 RELATED PARTY TRANSACTIONS

Oklahoma State University Foundation

Nature of Relationship

Oklahoma State University Foundation (the Foundation) is a nonprofit corporation formed to promote and foster the educational, benevolent, and scientific purposes of the University, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the University, and to promote and foster educational and cultural interest in the State and the United States.

Description of Operations

The Foundation acts largely as a fundraising organization: soliciting, receiving, managing, and disbursing contributions on behalf of the University. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit, making the funds available as needed.

In February 2015, a gift was received at the Foundation to establish the Casey Allyn Gosnell Student Internship Endowed Fund for the purpose of establishing a scholarship to be awarded by the University Scholarship Committee to an enrolled student working as a news-reporting intern at the KOSU radio station.

Amounts reflected as beneficial interest in assets held by the Foundation represent contributions held for the sole benefit of KOSU including the endowed fund.

Related party transactions, summary financial information and funds held by the Foundation on behalf of KOSU are as follows for the fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
Contributions and Underwriting Revenue Received	\$ 1,131,752	\$ 1,064,141
Private Foundation Grants	258,911	376,379
Funds Expended on Behalf of KOSU	<u>(87,390)</u>	<u>(123,797)</u>
	1,303,273	1,316,723
Addition to Permanent Endowment	12,000	99
Investment Income (Loss), Net	2,216	(9,225)
Spending Policy Distribution	5,090	4,830
Transfers to KOSU University Accounts	<u>(1,361,634)</u>	<u>(1,137,469)</u>
	(39,055)	174,958
Net Assets Held for KOSU - Beginning of Year	<u>556,069</u>	<u>381,111</u>
Net Assets Held for KOSU - End of Year	<u><u>\$ 517,014</u></u>	<u><u>\$ 556,069</u></u>

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NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Oklahoma State University Foundation (Continued)

Description of Operations (Continued)

	<u>2023</u>	<u>2022</u>
Assets Held for KOSU:		
Accounts Receivable	\$ 1,955	\$ 10,638
Prepaid Expenses	929	595
Beneficial Interest in Assets Held by OSU Foundation	671,610	800,190
Total Assets Held for KOSU	<u>674,494</u>	<u>811,423</u>
Liabilities Held for KOSU:		
Accounts Payable	41,755	49,299
Unearned Revenue	115,725	206,055
Total Liabilities Held for KOSU	<u>157,480</u>	<u>255,354</u>
Net Assets Held for KOSU	<u>\$ 517,014</u>	<u>\$ 556,069</u>

Below are activities related to the noncash portion of beneficial interest in assets held by the Foundation on behalf of KOSU related to the endowment fund for the fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
Balance - Beginning of Year	\$ 126,583	\$ 135,709
Change in Endowment Fund During the Year:		
Addition to Permanent Endowment	12,000	99
Investment Return:		
Investment Gain, Net	2,171	6,631
Unrealized Gains	5,135	(11,026)
Total Investment Return	<u>7,306</u>	<u>(4,395)</u>
Amounts Appropriated for Expenditures	<u>(5,090)</u>	<u>(4,830)</u>
Total Changes	<u>14,216</u>	<u>(9,126)</u>
Balance - End of Year	<u>\$ 140,799</u>	<u>\$ 126,583</u>

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NOTE 11 DISCLOSURES ABOUT FAIR VALUE OF ASSETS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

Description	2023			
	Total	Level 1	Level 2	Level 3
Interest in Pooled Investment Fund of the Foundation	<u>\$ 140,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,799</u>
Description	2022			
	Total	Level 1	Level 2	Level 3
Interest in Pooled Investment Fund of the Foundation	<u>\$ 126,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,583</u>

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NOTE 11 DISCLOSURES ABOUT FAIR VALUE OF ASSETS (CONTINUED)

Interest in Pooled Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Fair value is estimated by the Foundation based on active markets, estimated prices of similar assets, or NAV as provided to them by fund managers. KOSU classified their interest as Level 3 due to the limited details available on specific investments within the pool.

NOTE 12 COMMITMENTS AND CONTINGENT LIABILITIES

KOSU participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes KOSU has complied with grant requirements and that disallowances, if any, will not be material.

Lease Obligations

KOSU leases land and facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2060 and provide for renewal options up to five years.

The future minimum lease payments at June 30, 2023 are as follows:

<u>Year Ending,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 26,340	\$ 8,331	\$ 34,671
2025	14,296	8,199	22,495
2026	10,481	8,071	18,552
2027	10,691	7,945	18,636
2028	10,907	7,817	18,724
2029 - 2033	67,577	36,877	104,454
2034 - 2038	87,961	32,313	120,274
2039 - 2043	102,820	26,505	129,325
2044 - 2048	113,062	20,973	134,035
2049 - 2053	139,393	14,748	154,141
2054 - 2058	170,148	7,106	177,254
2059 - 2063	36,036	364	36,400
Total	<u>\$ 789,712</u>	<u>\$ 179,249</u>	<u>\$ 968,961</u>

**KOSU-FM RADIO STATION
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NOTE 12 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Subscription Obligations

KOSU contracts subscription-based information technology for operating activities for various terms under long-term, non-cancelable agreements. As of June 30, 2023, KOSU holds one contract in which the agreement expires in fiscal year 2024.

The future minimum subscription payments at June 30, 2023, are as follows:

<u>Year Ending,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024			
	<u>\$ 3,669</u>	<u>\$ 51</u>	<u>\$ 3,720</u>

NOTE 13 RISK MANAGEMENT

Due to the diverse risk exposure of the University and its constituent agencies including KOSU, the insurance portfolio contains a comprehensive variety of coverage. Oklahoma Statutes require participation of all State agencies in basic tort, educator's legal liability, property and casualty programs, and fidelity bonding provided by the Risk Management Division of the Office of Management and Enterprise Services (the SRMD). In addition to these basic policies, the University's Department of Risk and Property Management establishes enterprise risk management guidelines for risk assessment, risk avoidance, risk acceptance, and risk transfer.

The University and individual employees are provided sovereign immunity when performing official business within the scope of their employment under the Oklahoma Governmental Tort Claims Act. For risks not protected by sovereign immunity, it is the internal policy of the University's Risk and Property Management department to accept initial risk in the form of retention or deductibles only to the extent that funds are available from the University's general operations or a funded reserve to maintain this risk.

Beyond acceptable retention levels, risk transfer is practiced by purchasing conventional insurance coverage directly or through the SRMD. These coverages are outlined as follows:

- The buildings and contents are insured for replacement value. Each loss incident is subject to a \$500,000 deductible, of which \$50,000 is the obligation of KOSU.
- Out-of-state and out-of-country comprehensive general liability, educator's legal liability including employment practices, auto liability, aircraft liability, watercraft liability, leased vehicles, equipment, and fidelity bonds are acquired by the University from the SRMD. To complement coverage provided by State Statute and to meet specific coverage requirements for special grants and/or contracts, additional coverage is purchased based on specific departmental and institutional needs and risks, but the related risks are not considered material to the University as a whole. Claim settlements have not exceeded insurance coverage in each of the past three fiscal years.

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NOTE 13 RISK MANAGEMENT (CONTINUED)

Self-Funded Programs

The University's life insurance program for the University and its constituent agencies including KOSU was self-funded through December 31, 2003. Effective January 1, 2004, life waivers for disabled employees and their dependents were all that remained in the self-funded plan. Reserves were established at the onset of disability to pay the claims. In 2009, the University reached an agreement to apportion the remaining reserve between the University and the former TPA, American Fidelity Assurance. American Fidelity Assurance assumed all liability for all runoff claims. Effective January 1, 2004, the University's life coverage is handled through an insured plan.

Through June 30, 1999, the University's health care programs were also self-funded. Effective July 1, 1999, the University terminated its self-insurance program, and participated in the State self-insurance program through December 31, 2007. Effective January 1, 2008, the University began participation in an insured program with BlueCross BlueShield of Oklahoma as the provider. The University believes that there is no exposure to pay run-off claims for the previous self-insured program at June 30, 2018. Beginning January 1, 2015, the University's health care program again became self-funded. BlueCross BlueShield is the third-party administrator. The University has employed Lockton Company as a consultant to assist with premium setting, development of plan features, reserve funding, and use of third-party stop-loss coverage insurance.

The University's workers' compensation program is self-funded and is administered by a third party. The University maintains a cash deposit with the administrator and reimburses the administrator for claims paid and administrative expenses on a monthly basis. Benefits provided are prescribed by State law and include lump-sum payments for rated disabilities, in addition to medical expenses and a portion of salary loss resulting from a job-related injury or illness. The University records a liability for workers' compensation in its financial statements based on annual actuarial valuations.

The University's unemployment compensation insurance program is also self-funded. Unemployment benefits that separated employees receive are determined by Oklahoma Statutes and are administered by the Oklahoma Employment Security Commission (OESC). As a reimbursing employer, the University is billed quarterly by the OESC for benefits paid to former employees. The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges requires that the University maintain a minimum of \$700,000 in reserve to cover claims. This minimum cash balance is considered each year during the rate-setting process.

Accruals for these self-funded programs are not reflected on the statements of net position as these costs are not allocated to KOSU by the University.

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NOTE 14 RETIREMENT PLANS

The University's full-time academic and nonacademic personnel are covered by various retirement plans depending on their job classification and the employee's choices. The plans available to University personnel include a defined benefit plan, the Oklahoma Teachers' Retirement System (OTRS). Employees of KOSU, as OTRS members, are required to contribute to the plan at a rate established by the legislature of the State. For the years ended June 30, 2023, 2022, and 2021, the contribution rate for the system members of 7% is applied to their total compensation. The local employer contribution rate due from the University was 8.55% for the years ended June 30, 2023, 2022, and 2021. The University administratively pays these expenses for KOSU. These costs are included with other fringe benefits.

The State is also required to contribute to the OTRS on behalf of participating employers. For the years ended June 30, 2023, 2022, and 2021, the estimated amount contributed to the OTRS by the State on behalf of KOSU was approximately \$63,197, \$46,479, and \$60,117, respectively. These on-behalf payments have been recorded as both revenue and expense in the statement of revenues, expenses, and changes in net position.

The fiduciary net position of the OTRS has been determined on the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from OTRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Comprehensive disclosures are available in the University financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Regents for the Oklahoma
Agricultural and Mechanical Colleges
Oklahoma State University – KOSU-FM Radio Station
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KOSU-FM Radio Station (KOSU), a Public Broadcasting Entity operated by Oklahoma State University, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise KOSU's basic financial statements, and have issued our report thereon dated December 27, 2023, which contained an emphasis of matter paragraph regarding departmental financial statements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KOSU's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KOSU's internal control. Accordingly, we do not express an opinion on the effectiveness of KOSU's internal control.

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

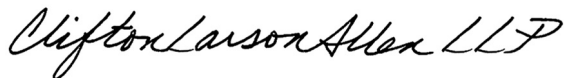
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

St. Louis, Missouri
December 27, 2023

**OKLAHOMA STATE UNIVERSITY – KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

Section I – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

