

WMUK-FM

**A Public Telecommunications Entity Operated by
Western Michigan University**

Financial Report

June 30, 2022

WMUK-FM

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Independent Auditor's Report

To the Board of Trustees
Western Michigan University
WMUK-FM

Opinion

We have audited the financial statements of the business-type activities of WMUK-FM (the "Station"), a department of Western Michigan University, as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Station, a department of Western Michigan University, as of June 30, 2022 and 2021 and the changes in its financial position and, where applicable, cash flows thereof 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 Audits 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.

Emphasis of Matter

We draw attention to Note 1, which explains that these financial statements present only WMUK-FM, a department of Western Michigan University, and do not purport to, and do not, present fairly the financial position of Western Michigan University as of June 30, 2022 and 2021 and the changes in its financial position and the changes in its cash flows thereof 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 the Station's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees
Western Michigan University
WMUK-FM

Auditor's Responsibilities for the Audits 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Station'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 Station's 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the total OPEB liability and related ratios 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, which 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 supplemental 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.

Plante & Moran, PLLC

January 11, 2023

WMUK-FM
Management's Discussion and Analysis – Unaudited

The following discussion and analysis of WMUK-FM's ("WMUK" or the "Station") financial statements provides an overview of the Station's activities for the year ended June 30, 2022. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Station's management.

This annual financial report includes the report of independent auditors, this management's discussion and analysis ("MD&A"), the basic financial statements, notes to the financial statements, and required supplemental information.

Financial Highlights

In the fiscal year ended June 30, 2022, the Station's revenues exceeded expenses, creating an increase in net position of \$103,034. In the fiscal year ended June 30, 2021, revenues exceeded expenses, creating an increase in net position of \$280,446. In the fiscal year ended June 30, 2020, revenues exceeded expenses, creating an increase in net position of \$416,163.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

Following is a summary of the major components of the net position and operating results of the Station for the year ended June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Current assets	\$ 866,089	\$ 1,190,695	\$ 696,596
Leased asset	21,795	-	-
Capital assets	1,017,245	893,130	933,906
Total assets	<u>1,905,129</u>	<u>2,083,825</u>	<u>1,630,502</u>
Deferred Outflows of Resources	<u>37,910</u>	<u>59,640</u>	<u>11,162</u>
Liabilities			
Current liabilities	122,102	84,879	97,060
Noncurrent liabilities	267,364	554,111	296,188
Total liabilities	<u>389,466</u>	<u>638,990</u>	<u>393,248</u>
Deferred Inflows of Resources	84,381	138,317	162,704
Net position:			
Net investment in capital assets	1,016,624	893,130	933,906
Restricted - Expendable	128,929	417,167	278,248
Unrestricted	323,639	55,861	(126,442)
Total net position	<u>\$ 1,469,192</u>	<u>\$ 1,366,158</u>	<u>\$ 1,085,712</u>

WMUK-FM
Management's Discussion and Analysis – Unaudited (Continued)

Operating Results for the Year Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues			
Grants and contracts	\$ 151,680	\$ 129,650	\$ 135,767
Contributions through fund-raising projects	410,457	438,420	611,271
Other operating revenues	160,890	142,395	221,496
Total operating revenues	<u>723,027</u>	<u>710,465</u>	<u>968,534</u>
Operating expenses	1,580,946	1,765,872	1,641,737
Net operating loss	<u>(857,919)</u>	<u>(1,055,407)</u>	<u>(673,203)</u>
Nonoperating revenues (expenses)			
Appropriations and support from WMU	775,561	858,626	1,014,366
Other nonoperating revenues (expenses)	185,392	477,227	75,000
Total nonoperating revenues	<u>960,953</u>	<u>1,335,853</u>	<u>1,089,366</u>
Increase in net position	103,034	280,446	416,163
Net Position - Beginning of year	<u>1,366,158</u>	<u>1,085,712</u>	<u>669,549</u>
Net position - End of year	<u><u>\$ 1,469,192</u></u>	<u><u>\$ 1,366,158</u></u>	<u><u>\$ 1,085,712</u></u>

Assets

An asset is a resource with economic value that the Station owns and controls with the expectation that it will provide a future benefit. Current assets decreased \$324,606 in fiscal year 2022 and increased \$494,099 in fiscal year 2021. The decrease in fiscal year 2022 was due to a decrease in cash and accounts receivable from WMUF (a pending biannual transfer) offset by an increase in prepaid expenses, pledges receivable, and accounts receivable. The increase in fiscal year 2021 was due to an increase in cash and accounts receivable from WMUF offset by a decrease in prepaid expenses and accounts receivable.

Liabilities

A liability is the Station's financial debt that arises during the course of its business operations. Total liabilities decreased \$249,524 in fiscal year 2022 and increased \$245,742 in fiscal year 2021. The decrease in fiscal year 2022 was mainly attributed to a decrease in debt related to the Paycheck Protection Program (PPP) loan forgiveness and a decrease in other postemployment (OPEB) liabilities offset by an increase in accounts payable, lease liabilities, and unearned revenue. The increase in fiscal year 2021 was mainly attributed to an increase in debt related to the Paycheck Protection Program (PPP) loan and an increase in other postemployment (OPEB) liabilities. The Station recognized a decrease in the total OPEB liability of \$116,608 in fiscal year 2022 and a decrease in the total OPEB liability of \$131,797 in fiscal year 2021.

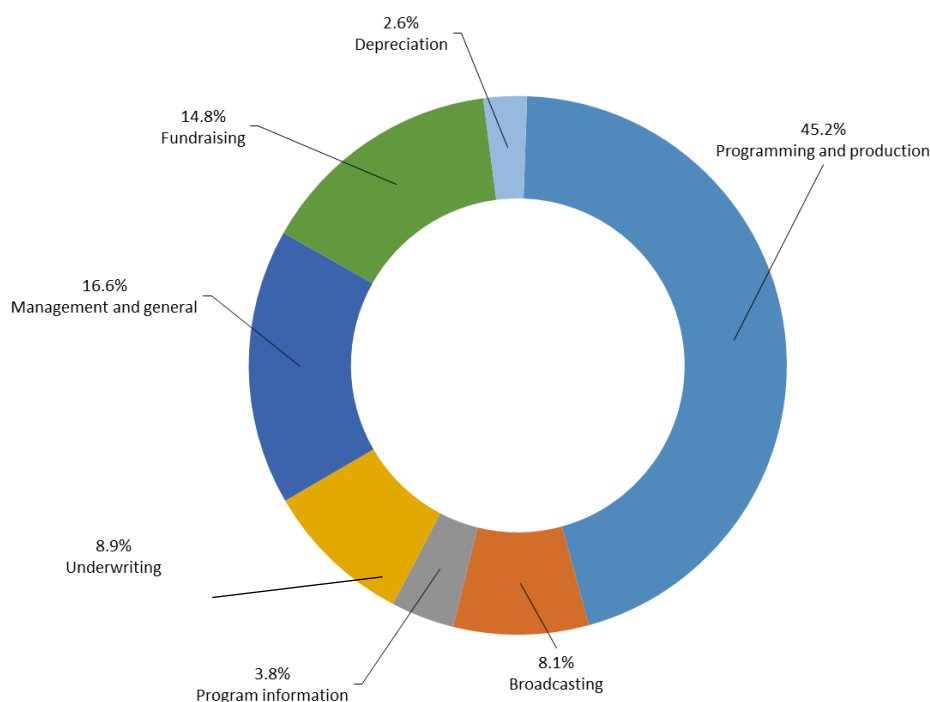
WMUK-FM
Management's Discussion and Analysis – Unaudited (Continued)

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from services, such as underwriting, as well as certain gifts and grants from government and private sources that directly further the Station's public broadcasting mission. A significant source of operating revenue is \$410,457 in contributions through fund-raising projects for the year ended June 30, 2022. This is compared to contributions of \$438,420 and \$611,271 for the years ended June 30, 2021 and 2020, respectively. Revenue for underwriting services totaled \$144,190 in 2022, \$128,359 in 2021, and \$204,373 in 2020. Grant revenue totaled \$151,680 for the year ended June 30, 2022. This is compared to grant revenue of \$129,650 and \$135,767 for the years ended June 30, 2021 and 2020, respectively. A majority of this amount is from the Corporation for Public Broadcasting.

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the Station. Operating expenses totaled \$1,580,946 for the year ended June 30, 2022. Operating expenses totaled \$1,765,872 and \$1,641,737 for the years ended June 30, 2021 and 2020, respectively. Salaries, wages, and benefits were \$891,425 for the year ended June 30, 2022. Salaries, wages, and benefits were \$903,178 and \$912,971 for the years ended June 30, 2021 and 2020, respectively. The decrease in operating expenses in fiscal year 2022 is primarily due to temporary vacancies related to staff turnover, as well as a decrease in programming and production, broadcasting, program information and fundraising.



WMUK-FM
Management's Discussion and Analysis – Unaudited (Continued)

Nonoperating Revenues (Expenses)

Nonoperating revenues and expenses are all revenue sources and expenses that are primarily non-exchange in nature. They consist of direct and indirect support from Western Michigan University, stabilization funds from the American Rescue Plan (ARP) Act, PPP loan forgiveness, and calculated interest liability on the leased asset. Nonoperating revenues (expenses) during fiscal year 2022 decreased by a net amount of approximately \$378,000 from fiscal year 2021. The decrease is primarily due to a decrease in development support, direct and indirect administrative support, and ARP Act stabilization funds, offset by PPP loan forgiveness. Nonoperating revenues during fiscal year 2021 increased approximately \$246,000 from fiscal year 2020, which was primarily due to an increase in development support and ARP Act stabilization funds, offset by a 20% reduction in salary support and general appropriations from the University.

Statement of Cash Flows

Another way to assess the financial health of the Station is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows helps users assess an entity's ability to generate future net cash flows and its ability to meet obligations as they come due.

Cash Flows for the Year Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash (used in) provided by:			
Operating activities	\$ (674,020)	\$ (713,298)	\$ (304,388)
Noncapital financing activities	520,659	1,204,186	755,005
Capital financing activities	(165,000)	-	-
Net increase (decrease) in cash	(318,361)	490,888	450,617
Cash - beginning of year	1,025,603	534,715	84,098
Cash - end of year	<u>\$ 707,242</u>	<u>\$1,025,603</u>	<u>\$ 534,715</u>

The most significant components of cash flows used in operating activities are payments to suppliers and payments to employees. Net cash used in operating activities was \$674,020 for the year ended June 30, 2022. This is compared to \$713,298 and \$304,388 for the years ended June 30, 2021 and 2020, respectively. The net cash provided by noncapital financing was \$520,659 in 2022. The net cash provided by noncapital financing was \$1,204,186 in 2021 and \$755,005 in 2020. This includes appropriations and support received from Western Michigan University and stabilization funds from the CARES and ARP Acts. Net cash used in capital and related financing activities was \$165,000 in 2022. No net cash was used in capital and related financing activities in 2021 or 2020. This includes the purchase of intangible assets as well as required interest payment calculations on leased assets related to the implementation of GASB 87 (see Note 5 "Leases").

Capital Assets and Leased Assets

At June 30, 2022, the Station had \$1,029,330 invested in capital assets and leased assets, net of accumulated depreciation and amortization of \$950,740 and lease liability of \$22,416. Depreciation and amortization charges totaled \$41,380 for the current fiscal year and \$40,776 and \$40,777 for the years ended June 30, 2021 and 2020, respectively. Details of capital asset and leased asset amounts are shown below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land	\$ 20,000	\$ 20,000	\$ 20,000
License	150,000	-	-
Transmitter, antenna, and tower	851,060	851,060	851,060
Equipment	931,430	931,430	931,430
Leased asset	37,290	-	-
Total	<u>\$ 1,989,780</u>	<u>\$ 1,802,490</u>	<u>\$ 1,802,490</u>

WMUK-FM
Management's Discussion and Analysis – Unaudited (Continued)

Economic Factors and Next Year's Outlook

The Management of WMUK-FM (the “Station,” collectively WMUK 102.1 FM and WKDS 89.9 FM) considered the following factors and indicators when planning next year's operations:

1. The Station experienced an improvement in its financial position in Fiscal Year 2022 after sharp revenue falloff in FY2021 and the latter months of FY2020, driven largely by the ongoing COVID-19 worldwide pandemic. Membership revenue has remained for the most part steady, and underwriting revenue has slowly recovered post-pandemic – though not yet restored to pre-pandemic levels. The Station's licensee (Western Michigan University) has committed support to help ensure that the Station's financial future is considerably strengthened. The sections below provide more detail on the above financial challenges and improvements experienced in the audited fiscal year, as well as providing outlook for FY2023.
2. With regard to our challenges, WMUK-FM (“the Station” or “WMUK”) continued to feel the effects of significant economic headwinds related to the pandemic in the audited financial year. Factors include the following:
 - a. Underwriting (advertising) cash receipts (which excludes revenue from trades and accounts receivable) for the Station continued to be markedly down for the second straight year, due largely to COVID-related reductions in marketing budgets by local and regional businesses. Underwriting is paid on-air acknowledgement of support from a business or organization, and underwriting revenue normally constitutes approximately 10-15% of WMUK's direct revenues. Pre-pandemic, WMUK would typically anticipate approximately \$150,000 to \$175,000 in underwriting business revenue for a given fiscal year. In FY2022, the Station generated only \$84,080 in cash. This was lower than our projection of \$100,000, as the recovery has been slower than expected. For FY2022, WMUK has projected cash underwriting revenues of \$125,000, and is on course to meet this goal.
 - b. WMUK has slowly recovered from a higher than normal degree of staff turnover during the pandemic. In FY2022, the Station hired two full-time and one part-time employees to fill this gap at more market-competitive rates, which will create an increase in our compensation and benefits obligations for FY2023.
3. Despite the above challenges, several mitigating factors have helped to soften the economic strain experienced in FY2022, and has improved our outlook for FY2023:
 - a. WMUK received a permanent budget increase of \$250,000 by the Office of the Provost / Academic Affairs at Western Michigan University, as a reaffirmation of continued support of the Station's public service mission. This funding was the single most critical factor in ensuring WMUK's financial viability as a public media entity for FY2023 and beyond.

WMUK-FM
Management's Discussion and Analysis – Unaudited (Continued)

- b. Carryover of federal stabilization funds received in May 2021 in the amount of \$152,227. These funds were allocated from the American Rescue Plan Act via the Corporation for Public Broadcasting. These stabilization funds were unrestricted in nature and helped to partially offset some of the revenue losses outlined above in both FY2021 and FY2022.
 - c. Carryover funds from the PPP loan in the amount of \$185,517.92 from the U.S. Small Business Administration (SBA). The loan application was submitted by the Station, with approval from the WMU Board of Trustees, and was administered by Michigan-based Credit Union ONE. The PPP loan provided significant budgetary relief for FY2022. WMUK-FM used 100% of the loan to offset salary costs for station staff during the covered period of the loan. The loan was formally forgiven by the SBA on November 23, 2021.
 - d. An increase in membership revenues in FY2022. Specifically, membership dollars transferred to WMUK-FM by the Western Michigan University Foundation totaling \$415,807.15, exceeded projections by approximately \$15,800. The Station experienced a softening in membership revenue during its Fall 2022 campaign, however this was substantially mitigated by a stronger than expected revenue generation for the 2022 Calendar Year End appeal.
 - e. Additionally, WMUK-FM has seen continued growth in its non-membership gift programs, including our vehicle donation and new real estate donation program. Our vehicle donation program is managed through third-party provider and represents an increasingly stable portion of auxiliary revenue for the Station. In FY2022, we expand this offering to include real property donations, in partnership with one of our vehicle donations partners (CARS). This resulted in a gift of property to the Station that was sold with a final sales price was \$75,000, with a net to WMUK of \$54,228.30 with fees deducted for the sale in FY2023.
 - f. For FY2022, the Station invested in improvements in its development engagement activities, which will have a long-term positive impact on revenue-generating capacity. This included integration with a call center for 24/7 telephone donor support, as well as investments in underwriting traffic management software and development training opportunities. WMU Foundation one-time development support funding helped to defray these operational improvements and staff development costs.
4. As noted in last year's management report, in FY2022 WMUK-FM closed on the purchase of WKDS-FM from Kalamazoo Public Schools (KPS). Both WMU (on behalf of WMUK) and KPS signed an Asset Purchase Agreement, which was eventually approved by the Federal Communications Commission (FCC) after several months of delays due to FCC requests to amend the agreement and the actions needed to effect those changes. The FCC approval allowed the sale to move forward, granting permission to transfer the WKDS license from KPS to WMU. This occurred in September 2021. A 24-month tower and studio lease agreement was also signed between the two parties. This purchase was directly funded by contributions from private foundations and represents little to no direct impact

WMUK-FM
Management's Discussion and Analysis – Unaudited (Continued)

on the Station's financial position in the short-term. In the long-term, a ten-year budget model projects long-term revenue growth from this capital asset acquisition.

5. An additional revenue contribution that does not impact our current forward projection, but may have future economic implications, was a gift by the estate of Norman C. Peterson. Mr. Peterson was a former station employee, who had previously established an endowed "WMUK Station Equipment Fund." Upon his passing in 2021, Mr. Peterson's estate made charitable bequest to WMUK-FM in the amount of \$35,000. This generous gift was received in January 2022. WMUK management has historically opted to use this fund for mainly emergency equipment needs only, and we foresee that this will continue to be the Station's practice for the foreseeable future.
6. The Station Management's financial outlook for FY2023 is favorable, assuming membership and underwriting revenues continue a positive trend upwards, and expenditure levels remain consistent. Management's primary focus will be restoring cash reserves, with secondary focus on activities that will ultimately grow WMUK's member revenue base through increased listenership opportunities. Management has determined this will be best served through continued signal expansion exploration.

WMUK-FM
A Public Telecommunications Entity Operated by
Western Michigan University
Statement of Net Position

	June 30	
	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	\$ 707,242	\$ 1,025,603
Accounts receivable	24,772	11,475
Accounts receivable from WMUF	125,001	150,005
Pledges receivable - Net	3,466	1,812
Prepaid expenses	5,608	1,800
Total current assets	<u>866,089</u>	<u>1,190,695</u>
Noncurrent Assets		
Leased asset - Net	21,795	-
Capital assets - Net	1,017,245	893,130
Total noncurrent assets	<u>1,039,040</u>	<u>893,130</u>
Total assets	<u>1,905,129</u>	<u>2,083,825</u>
Deferred Outflows of Resources		
OPEB related outflows	37,910	59,640
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	15,717	7,217
Accrued wages	38,831	37,883
Current portion of lease liability	17,920	-
Current portion of long-term debt	-	7,572
Current portion of total OPEB liability	8,064	8,818
Unearned revenue		
Underwriting	41,570	23,389
Total current liabilities	<u>122,102</u>	<u>84,879</u>
Noncurrent Liabilities		
Accrued compensated absences	35,980	33,423
Lease liability - Net of current portion	4,496	-
Long-term debt - Net of current portion	-	177,946
Total OPEB liability - Net of current portion	226,888	342,742
Total noncurrent liabilities	<u>267,364</u>	<u>554,111</u>
Total liabilities	<u>389,466</u>	<u>638,990</u>
Deferred Inflows of Resources		
OPEB related inflows	84,381	138,317
Net Position		
Net investment in capital assets	1,016,624	893,130
Restricted - Expendable	128,929	417,167
Unrestricted	323,639	55,861
Total net position	<u>\$ 1,469,192</u>	<u>\$ 1,366,158</u>

See accompanying notes to the financial statements.

WMUK-FM
A Public Telecommunications Entity Operated by
Western Michigan University
Statement of Revenues, Expenses, and Changes in Net Position

	Year ended June 30	
	2022	2021
Operating Revenues		
Corporation for Public Broadcasting support		
Community Service Grant	\$ 151,680	\$ 129,650
Underwriting	144,190	128,359
Contributions through fund-raising projects	410,457	438,420
Other	16,700	14,036
Total operating revenues	<u>723,027</u>	<u>710,465</u>
Operating Expenses		
Program Services		
Programming and production	718,007	787,329
Broadcasting	127,440	216,188
Program information	60,232	72,623
Underwriting	140,159	131,990
Support Services		
Management and general	260,947	242,774
Fundraising	232,781	274,192
Depreciation and amortization	41,380	40,776
Total operating expenses	<u>1,580,946</u>	<u>1,765,872</u>
Operating loss	<u>(857,919)</u>	<u>(1,055,407)</u>
Nonoperating Revenues (Expenses)		
Western Michigan University		
General appropriation	87,113	16,734
Direct general fund staff support	433,546	524,707
Development support	-	325,000
Indirect administrative support	253,282	292,771
Annual value of building facilities	1,620	24,414
Interest on leased asset	(126)	-
ARP Act stabilization funds	-	152,227
PPP loan forgiveness	185,518	-
Net nonoperating revenues	<u>960,953</u>	<u>1,335,853</u>
Change in net position	<u>103,034</u>	<u>280,446</u>
Net Position		
Beginning of year	<u>1,366,158</u>	<u>1,085,712</u>
End of year	<u>\$ 1,469,192</u>	<u>\$ 1,366,158</u>

See accompanying notes to the financial statements.

WMUK-FM
A Public Telecommunications Entity Operated by
Western Michigan University
Statement of Cash Flows

	Year ended June 30	
	2022	2021
Cash Flows from Operating Activities		
Grants and contracts	\$ 151,680	\$ 129,650
Payments to suppliers	(485,287)	(467,819)
Payments to employees	(887,920)	(896,881)
Contributions	433,807	408,026
Other	113,700	113,726
Net cash used in operating activities	(674,020)	(713,298)
Cash Flows from Noncapital Financing Activities		
General appropriations from WMU	520,659	541,441
Development support from WMUF	-	325,000
Proceeds from PPP loan	-	185,518
Proceeds from ARP Act stabilization funds	-	152,227
Net cash provided by noncapital financing activities	520,659	1,204,186
Cash Flows from Capital and Related Financing Activities		
Lease principal payments	(14,874)	-
Interest paid on lease obligations	(126)	-
Purchase of intangible asset	(150,000)	-
Net cash used in capital financing activities	(165,000)	-
Net Change in Cash	(318,361)	490,888
Cash - Beginning of Year	1,025,603	534,715
Cash - End of Year	<u>\$ 707,242</u>	<u>\$ 1,025,603</u>
Reconciliation of Operating Loss to		
Net Cash Used in Operating Activities:		
Operating loss	\$ (857,919)	\$ (1,055,407)
Adjustments to reconcile operating loss to net cash used		
in operating activities:		
Depreciation and amortization	41,380	40,776
Expense allocations to WMU	254,902	317,185
(Increase) decrease in assets:		
Accounts receivable	(13,297)	11,930
Accounts receivable from WMUF	25,004	(29,546)
Pledges receivable - Net	(1,654)	(848)
Prepaid expenses	(3,808)	15,253
(Decrease) increase in liabilities:		
Accounts payable	8,500	(16,633)
Accrued wages	948	996
Compensated absences	2,557	5,302
Unearned underwriting	18,181	(6,230)
Total OPEB liability and deferrals	(148,814)	3,924
Net cash used in operating activities	<u>\$ (674,020)</u>	<u>\$ (713,298)</u>
Supplemental Disclosure of Non-cash Capital and Related Financing Activities		
Right-of-use asset obtained in exchange for lease obligation	<u>\$ 37,290</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

WMUK-FM
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Organization

WMUK-FM (“Station”) is a department of Western Michigan University (“University” or “WMU”) primarily devoted to providing public radio programming to listeners across West Michigan and Northern Indiana. The Station broadcasts primarily NPR news and information on WMUK 102.1 FM, and classical programming on WKDS 89.9 FM (Classical WMUK) as of September 2021. The Station also provides students with opportunities for hands-on training in radio broadcasting and digital media.

Basis of Presentation

The financial statements have been prepared in accordance with guidelines set forth by the Corporation for Public Broadcasting and with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Station, as part of the University, follows the “business-type” activities reporting requirements of GASB No. 34.

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Accounts Receivable

Based on the Station’s collection history and management’s estimate, there was no allowance for doubtful accounts recorded for the years ended June 30, 2022 and 2021. Accounts receivable from WMUF reflect contributions received by Western Michigan University Foundation (“WMUF”) for the benefit of the WMUK-FM that had yet to be transferred to the Station as of the fiscal year end.

In-Kind Contributions

Facilities are donated by Western Michigan University. Office and studio space, including related occupancy costs, are recorded as revenue and expense at estimated fair rental value. Support and revenues from Western Michigan University consist of certain direct and allocated expenses incurred by the University on behalf of the Station.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

WMUK-FM
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital Assets acquired for the exclusive or predominant use by the Station have been capitalized at cost. Physical assets, with the exception of land, are depreciated on the straight-line method over the estimated useful lives of the respective assets. Estimated service lives are as follows:

Land	20 years
Transmitter, antenna and tower	50 years
Equipment	3-15 years

Net Position

Station resources are classified for accounting and financial reporting purposes into the following net asset categories:

- Net Investment in Capital Assets – Consists of capital assets, including leased assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any debt and lease liabilities that are attributable to those assets.
- Restricted Expendable – Net position subject to externally imposed stipulations as to use. This net position is restricted to use for the benefit of the Station according to grant and donor restrictions.
- Unrestricted – Net position which is available for use of the Station and not subject to externally imposed stipulations as to use.

Revenue Recognition

Revenue is recognized when earned and expenditures are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended. Operating revenue of the Station consists of contributions, community service grants from the CPB, grants, underwriting, and auxiliary enterprise revenue. Nonoperating revenue of the Station consists of general appropriations from the University, development support, investing activities, capital contributions, loan forgiveness, and stabilization funds. Restricted and unrestricted resources are spent and tracked at the station level within the guidelines of donor restrictions.

Operating and Nonoperating Revenue

Revenues are classified as either operating or nonoperating according to standards issued by GASB. Operating revenues include grants, underwriting and other exchange transactions. Gifts and contributions are also included in this category.

Nonoperating revenues include certain significant revenue streams that may be relied upon for operations, including University allocations.

Unearned Revenue

Unearned revenue represents underwriting revenue and unexpended contributions that will be recognized by the Station during the year in which it is earned and all applicable eligibility requirements have been satisfied.

WMUK-FM
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Contributions and Pledges

Contributions are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded net of allowance for uncollectible pledges.

Pension and Other Post-Employment Benefit (OPEB) Expenses

As a department of Western Michigan University, the Station participates in a postemployment benefit plan described in Note 8. The non-cash change in OPEB liabilities for this plan are reported with the salaries, wages, and benefits and allocated functionally for presentation within the statement of revenues, expenses, and changes in net position.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Station reports deferred outflows of resources related to the total OPEB liability. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Station reports deferred inflows of resources related to the total OPEB liability. More detailed information can be found in Note 8.

Adoption of New Standards

As of July 1, 2020, the Station applied GASB Statement No. 87, *Leases*, which required recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Station evaluated the effect of the implementation of the new standard and no prior period adjustment was deemed necessary. More detailed information can be found in Note 5.

Note 2 – Cash

The Station's cash is accounted for in the same method the University accounts for cash and investments. The University uses the "pooled cash" method of accounting for substantially all of its cash and investments. External investment managers are provided with an investment policy statement, as set forth by the Board of Trustees. A complete classification of the University's cash and investments is contained in the University's annual financial report.

WMUK-FM
Notes to the Financial Statements

Note 3 – Pledges Receivable

Pledges receivable represent amounts promised by donors for the benefit of the Station. A portion of these donations are solicited by the Station and collected by WMUF. The balance is presented net of a discount to present value and an allowance for uncollectible contributions. Those pledges that are expected to be collected over a period greater than one year are discounted to present value using the yield on a comparable Treasury bill at the time the commitment is made. As of June 30, 2022 and 2021, there were no pledges expected to be collected over a period greater than one year. The balance of pledges receivable has a general valuation allowance of \$180 and \$100 at June 30, 2022 and June 30, 2021, respectively, or approximately 5%, based on historical collection history. Pledges deemed uncollectible are charged against the allowance for uncollectible contributions in the period in which the determination is made. Sustaining and installment pledges, except for recurring payroll deductions from WMU employees, are recorded as contributions upon receipt and are therefore not included in pledges receivable.

	<u>2022</u>	<u>2021</u>
Pledges expected to be collected within 1 year	\$ 3,646	\$ 1,912
Less allowance for uncollectible contributions	<u>(180)</u>	<u>(100)</u>
Pledges receivable - Net	<u>\$ 3,466</u>	<u>\$ 1,812</u>

Note 4 – Capital Assets

The following table presents the changes in the various capital asset class categories for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
License	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total nondepreciable property	20,000	150,000	-	170,000
Transmitter, antenna, and tower	851,060	-	-	851,060
Equipment	<u>931,430</u>	<u>-</u>	<u>-</u>	<u>931,430</u>
Total depreciable property	1,782,490	<u>-</u>	<u>-</u>	<u>1,782,490</u>
Total capital assets	1,802,490	150,000	-	1,952,490
Less accumulated depreciation:				
Transmitter, antenna, and tower	488,779	10,547	-	499,326
Equipment	<u>420,581</u>	<u>15,338</u>	<u>-</u>	<u>435,919</u>
Total accumulated depreciation	909,360	<u>\$ 25,885</u>	<u>\$ -</u>	<u>935,245</u>
Capital assets - Net	<u>\$ 893,130</u>			<u>\$ 1,017,245</u>

WMUK-FM
Notes to the Financial Statements

Note 4 – Capital Assets (Continued)

The following table presents the changes in the various capital asset class categories for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total nondepreciable property	20,000	-	-	20,000
Transmitter, antenna, and tower	851,060	-	-	851,060
Equipment	931,430	-	-	931,430
Total depreciable property	<u>1,782,490</u>	<u>-</u>	<u>-</u>	<u>1,782,490</u>
Total capital assets	1,802,490	-	-	1,802,490
Less accumulated depreciation:				
Transmitter, antenna, and tower	463,341	25,438	-	488,779
Equipment	405,243	15,338	-	420,581
Total accumulated depreciation	<u>868,584</u>	<u>\$ 40,776</u>	<u>\$ -</u>	<u>909,360</u>
Capital assets - Net	<u>\$ 933,906</u>			<u>\$ 893,130</u>

Note 5 – Leases

In September 2021, WMU entered into a 24-month tower and studio lease as lessee, on behalf of WMUK, with Kalamazoo Public Schools. The lease is for operation of WKDS-FM. An initial lease liability was recorded in the amount of \$37,290. As of June 30, 2022, the value of the lease liability is \$22,416. WMU is required to make monthly fixed principal and interest payments of \$1,500. The lease has an interest rate of 0.5610%. Interest is calculated only for GASB 87 compliance purposes, the lease agreement itself does not include interest nor does the Station pay interest to the lessor.

As of June 30, 2022, the value of the right-to-use asset was \$37,290 with accumulated amortization of \$15,495. Future maturities of lease payments as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 17,920	\$ 80	\$ 18,000
2024	4,496	4	4,500
	<u>\$ 22,416</u>	<u>\$ 84</u>	<u>\$ 22,500</u>

WMUK-FM
Notes to the Financial Statements

Note 6 – Donated and In-kind Expenses by Function

The value of indirect expenses provided by the University broken down by function for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Management and general	\$ 41,228	\$ 41,793
Broadcasting	22,513	57,428
Programming and production	119,230	135,538
Program information	10,002	12,502
Underwriting	23,274	22,722
Fundraising	38,655	47,202
	<u>\$ 254,902</u>	<u>\$ 317,185</u>

Additionally, in the years ended June 30, 2022 and 2021, professional services with a fair value of \$16,700 and \$12,800, respectively, were donated and recorded in management and general and underwriting trades of \$35,349 and \$21,570, respectively, were recorded in underwriting.

Note 7 – Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all the respective criteria for each.

A “contribution” is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be any entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

A “payment” is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to the provision of educational or institutional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

Calculated in accordance with CPB guidelines, the Station reported total NFFS of \$1,345,383 and \$1,748,335 for the year ended June 30, 2022 and June 30, 2021, respectively.

WMUK-FM
Notes to the Financial Statements

Note 8 - Retirement Plans

Defined Contribution Plan

The Station offers all employees eligible for benefits the opportunity to participate in the TIAA-CREF plan through Western Michigan University. Funding for the plan consists of an employer contribution of 11 percent of covered compensation for employees hired before January 1, 2013. For participating employees hired on or after January 1, 2013, the Station contributes 9 percent of covered compensation. The Station contribution increases to 10 percent if the employee contributes at least 1 percent but less than 2 percent, and to 11 percent if the employee contributes 2 percent or more. The Station has no liability beyond its contribution. Benefits vest immediately for eligible salaried employees and vest after a five-year period for eligible hourly nonexempt participants. The Station's contributions for the years ended June 30, 2022 and 2021 were approximately \$62,000 and \$70,000, respectively.

Other Postemployment Benefits (OPEB)

Plan Description – The Station, through Western Michigan University, provides other postemployment benefits (OPEB) to retired employees, their spouses, and dependent children. Benefits are provided to all retired faculty, academic, and support staff that retired at the age of 55 or older and had provided 10 years or more of service to the Station for employees hired on or before September 1, 2010. Employees who are professional and support staff hired after September 1, 2010 pay 100 percent of the premium upon retirement and must be at the age of 60 or older and have provided 15 or more years of service to the Station.

This is a single-employer defined benefit plan administered by the University. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions (or by the employer if not funded through the plan).

Benefits Provided – The Station OPEB plan provides retiree life insurance, health, and dental care benefits, including prescription drug coverage to retired employees, their spouses, and dependent children. Benefits are provided through the University's self-insurance program and the full cost of benefits is covered by the plan.

Contributions – Retiree healthcare costs are paid by the Station on a "pay-as-you-go" basis. The Station has no obligation to make contributions in advance of when the insurance premiums are due for payment. For fiscal years ended June 30, 2022 and 2021, the Station made payments for postemployment health benefit premiums of \$6,145 and \$7,085, respectively. Retirees or their surviving spouses are required to make annual contributions of between \$1,638 to \$16,047, depending on their age and if their spouses or dependents are covered.

WMUK-FM
Notes to the Financial Statements

Note 8 - Retirement Plans (Continued)

Total OPEB Liability – The June 30, 2022 total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation performed as of January 1, 2021, which used update procedures to roll forward the estimated liability to June 30, 2021, the measurement date. The June 30, 2021 total OPEB liability has a measurement date of June 30, 2020, based on an actuarial valuation performed as of January 1, 2019, which used update procedures to roll forward the liability to June 30, 2020.

Changes in the total OPEB liability during the measurement year were as follows:

	Increase (Decrease)	
	Total OPEB Liability	
	2022	2021
Balance as of July 1	\$ 351,560	\$ 274,771
Changes for the fiscal year:		
Service cost	5,622	6,295
Interest on the total OPEB liability	5,472	10,261
Differences between expected and actual experience	(5,475)	(2,403)
Changes of assumptions	(138,929)	69,721
Benefit payments	(6,145)	(7,085)
Net changes	(139,455)	76,789
Balance as of June 30	<u>\$ 212,105</u>	<u>\$ 351,560</u>

The Station was assigned approximately .11 percent and .16 percent of the University's total OPEB Liability of \$206.4 million and \$215.3 million at June 30, 2022 and 2021, respectively.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent to 2.16 percent as of June 30, 2021 and a change in the discount rate from 3.50 percent to 2.21 percent as of June 30, 2020. Additionally, the percentage of employees assumed to elect spouse coverage at retirement decreased from 50 percent to 30 percent for male employees and 10 percent for female employees as of June 30, 2021.

WMUK-FM
Notes to the Financial Statements

Note 8 - Retirement Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the years ended June 30, 2022 and 2021, the Station recognized negative OPEB expense of \$148,814 and OPEB expense of \$3,924, respectively.

At June 30, 2022 and 2021, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,270	\$ (19,932)	\$ 3,984	\$ (29,913)
Changes of assumptions	27,575	(64,449)	46,839	(108,404)
Total amortized deferral	29,845	(84,381)	50,823	(138,317)
Station contributions subsequent to the measurement date	8,065	-	8,817	-
Total	<u>\$ 37,910</u>	<u>\$ (84,381)</u>	<u>\$ 59,640</u>	<u>\$ (138,317)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the total OPEB liability and therefore will not be included in future OPEB expense):

Year Ending June 30	Amount
2023	\$ (21,460)
2024	(21,460)
2025	(12,076)
2026	(32)
2027	1,841
Thereafter	(1,349)
Total	<u>\$ (54,536)</u>

WMUK-FM
Notes to the Financial Statements

Note 8 - Retirement Plans (Continued)

Actuarial Assumptions – The total OPEB liability as of June 30, 2021 is based on the results of an actuarial valuation as of January 1, 2021 and rolled forward. The total OPEB liability as of June 30, 2020 is based on the results of an actuarial valuation as of January 1, 2019 and rolled forward.

The total OPEB liability was determined using the following actuarial assumptions as of June 30, 2021:

Actuarial cost method	Entry age normal cost actuarial cost method
Discount rate	2.16%
20-year municipal bond rate	2.16%, based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021
Salary increases	3.00%
Healthcare participation rate	60.00%
Healthcare Cost Trend Rate	4.50% - 6.25%
Mortality basis	PUB-2010 General Employees headcount-weighted Mortality Tables, projected generationally from 2010 with MP-2021

The total OPEB liability was determined using the following actuarial assumptions as of June 30, 2020:

Actuarial cost method	Entry age normal cost actuarial cost method
Discount rate	2.21%
20-year municipal bond rate	2.21% S&P Municipal Bond 20 Year High Grade Index
Salary increases	3.00%
Healthcare participation rate	60.00%
Healthcare Cost Trend Rate	4.50% - 6.60%
Mortality basis	PUB-2010 General Employees Classification Headcount-Weighted Mortality Table projected using Scale MP-2019

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2020 for medical and January 1, 2019 through December 31, 2020 for dental and vision. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2018 for medical and January 1, 2017 through December 31, 2018 for dental and vision.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16 percent and 2.21 percent as of June 30, 2021 and 2020, respectively. The discount rate is based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021 and the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2020.

WMUK-FM
Notes to the Financial Statements

Note 8 - Retirement Plans (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Station, calculated using the discount rate, as well as what the Station's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2022		
1.00 percent decrease (1.16 percent)	Current Discount Rate (2.16 percent)	1.00 percent increase (3.16 percent)
\$ 274,257	\$ 234,952	\$ 203,188

2021		
1.00 percent decrease (1.21 percent)	Current Discount Rate (2.21 percent)	1.00 percent increase (3.21 percent)
\$ 412,127	\$ 351,560	\$ 303,182

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the Station, calculated using the healthcare cost trend rate, as well as what the Station's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2022		
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
\$ 200,347	\$ 234,952	\$ 278,873

2021		
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
\$ 294,932	\$ 351,560	\$ 425,036

WMUK-FM
Notes to the Financial Statements

Note 9 – Long-Term Debt

During the year ended June 30, 2021, the Station received a PPP loan in the amount of \$185,518. The PPP Loan program was created under the CARES Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Station may use the funds on qualifying expenses over a covered period of 5 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of 5 years with interest accruing at a rate of 1 percent, with monthly payments of principal and interest beginning ten months after the conclusion of the covered period. Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

On November 23, 2021, the entire loan balance was forgiven and is recorded as nonoperating revenue on the statement of revenues, expenses, and changes in net position for the year ended June 30, 2022.

Note 10 – Commitment and Contingencies

In the normal course of its activities, the Station is a party in various legal and regulatory actions. The Station believes that the outcome of these actions will not have a material effect on the financial statements.

Note 11 – Endowments

An endowment is held for the benefit of the Station by the WMUF, a discretely presented component unit of WMU. The stated purpose of the endowment is to support WMUK-FM's equipment and related maintenance needs, at the discretion of the station manager. The pooled value of the endowment as of June 30, 2022 and 2021 was \$112,535 and \$83,358, respectively.

Note 12 – Acquisition

During the fiscal year ended June 30, 2020, the Station signed a Letter of Intent to purchase the assets, tangible properties and license of a local public radio station. During fiscal year 2021, the Station signed an Asset Purchase Agreement for this transaction and filed a license agreement application with the Federal Communications Commission ("FCC"). The purchase agreement was closed in September 2021 for a total cash payment of \$150,000 and a two-year lease agreement as disclosed in note 5.

Note 13 – Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which increases the usefulness of governments' financial statements by requiring recognition of certain SBITA assets and liabilities that previously were classified as operating expenses. This Statement establishes a single model for SBITA accounting based on the foundational principle that SBITAs are the right to use an underlying IT asset. Under this Statement, a government is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. The provisions of this statement are effective for the Station's financial statements for the year ended June 30, 2023.

Required Supplemental Information

WMUK-FM
Required Supplemental Information

Schedule of Changes in the Total OPEB Liability and Related Ratios
WMUK-FM OPEB Plan through Western Michigan University
(amounts were determined as of June 30 of each fiscal year):

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 5,622	\$ 6,295	\$ 7,073	\$ 10,411	\$ 28,227
Interest cost	5,472	10,261	11,255	14,889	22,776
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experiences	(5,475)	(2,403)	5,146	-	(90,437)
Changes of assumptions	(138,929)	69,721	(146,464)	(77,733)	(254,713)
Benefit payments	(6,145)	(7,085)	(8,807)	(11,390)	(12,796)
Net change in total OPEB liability	(139,455)	76,789	(131,797)	(63,823)	(306,943)
Total OPEB liability (beginning)	351,560	274,771	406,568	470,391	777,334
Total OPEB liability (ending)	<u>\$ 212,105</u>	<u>\$ 351,560</u>	<u>\$ 274,771</u>	<u>\$ 406,568</u>	<u>\$ 470,391</u>
Covered payroll	\$ 181,034	\$ 290,366	\$ 272,213	\$ 343,657	\$ 393,196
Total OPEB liability as a percentage of payroll	117.16%	121.07%	100.94%	118.31%	119.63%
Proportionate share of the University's OPEB liability	.11%	.16%	.15%	.22%	.25%

Notes to Required Supplemental Information:

Benefit Changes – There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions – There were no significant changes of assumptions for the single-employer plan for each of the reported plan years ended June 30, except for the following:

2022: The discount rate used in the June 30, 2021 actuarial valuation decreased from 2.21 percent to 2.16 percent. The percentage of employees assumed to elect spouse coverage at retirement decreased from 50 percent to 30 percent for male employees and 10 percent for female employees.

2021: The discount rate used in the June 30, 2020 actuarial valuation decreased from 3.50 percent to 2.21 percent.

2020: The discount rate used in the June 30, 2019 actuarial valuation decreased from 3.87 to 3.50 percent. The mortality basis changed to the PUB2010 general employees classification headcount-weighted mortality table projected using scale MP-2018 from the RP-2014 aggregate mortality table projected using scale MP-2016.

2019: The discount rate used in the June 30, 2018 actuarial valuation increased from 3.58 percent to 3.87.

2018: The discount rate used in the June 30, 2017 actuarial valuation increased from 2.85 percent to 3.58 percent.