




Cameron University – KCCU-FM

Independent Auditor's Reports and Financial Statements

June 30, 2023 and 2022



Cameron University – KCCU-FM

June 30, 2023 and 2022

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Independent Auditor's Report

Regents of the University of Oklahoma
Cameron University – KCCU-FM
Norman, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KCCU-FM (the Station), a department of Cameron University, as of and for the years ended June 30, 2023 and 2022 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 financial position of the Station as of June 30, 2023 and 2022 and the changes in financial position and its cash flows for the year 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 1*, the accompanying financial statements of the Station are intended to present the financial position, changes in financial position, and cash flows of only the activities of the Station. They do not purport to, and do not, present fairly the financial position of Cameron University as of June 30, 2023 and 2022 and the changes in financial position or its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023 on our consideration of the Station'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 the Station'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 the Station's internal control over financial reporting and compliance.

FORVIS, LLP

Tulsa, Oklahoma
November 21, 2023

Cameron University – KCCU-FM

Management's Discussion and Analysis

Years Ended June 30, 2023 and 2022

Introduction

KCCU-FM (the Station) is a full-service public radio station licensed to Cameron University (the University) serving the Lawton/Fort Sill metropolitan area; towns in the counties of Marshall, Love, Carter, Johnston, Murray, Stephens, Jefferson, Cotton, Grady, Comanche, Tillman, Jackson, Harmon, Kiowa, and Caddo in Oklahoma; and Wichita, Willbarger, Baylor, Archer, and Clay in Texas. Its format is primarily classical music; news/talk on weekdays; jazz and variety programs on weekends; and broadcasting programs from National Public Radio (NPR), Public Radio Exchange (PRX), and other public radio networks.

In fiscal year 2023, the staff of the Station included five full-time positions. The Station provides in-house educational support to University communications students in broadcast internships. The Station also provides studio facilities in support of State Impact Oklahoma on an as-needed basis. State Impact Oklahoma is a collaborative effort of public broadcasters in the state.

The Station originates from studios located on the campus of the University and is delivered by four transmitters and one translator to more than 300,000 residents of central, southwestern, and western Oklahoma and western north Texas. A large portion of the Station's broadcast area is classified as rural by the Corporation for Public Broadcasting (the CPB). The Station also streams the broadcast audio over the internet and via smartphones. The Station has been granted a main-studio waiver by the Federal Communications Commission in Washington, D.C., meaning each station in the network must simulcast the same signal. Listeners in Altus, Oklahoma, hear the same content, at the same time, as listeners in Wichita Falls, Texas.

The licensee is the Regents of the University of Oklahoma and the license includes call letters KCCU (Lawton, Oklahoma), KOCU (Altus, Oklahoma), KLCU (Ardmore, Oklahoma), KMCU (Wichita Falls, Texas), and KK275AE (Lawton, Oklahoma).

Overview of the Financial Statements and Financial Analysis

Within this section of the Station's annual financial report, the Station's management provides a narrative discussion and analysis of the financial activities of the Station for the fiscal years ended June 30, 2023 and 2022. The Station's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section, with amounts from the financial statements rounded to the nearest thousand.

Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, it should be read in conjunction with the Station's basic financial statements and related notes. The overview of the financial statements and financial analysis is presented for fiscal year 2023 with fiscal years' 2022 and 2021 data presented for comparative purposes.

Financial Analysis of the Station as a Whole

The basic financial statements of the Station include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The statement of net position presents the financial position of the Station as of June 30, 2023 and 2022. The statement of

revenues, expenses, and changes in net position summarizes the Station's financial activity for the years ended June 30, 2023 and 2022. The statement of cash flows, presented using the direct method, reflects the effects on cash that result from the Station's operating, noncapital financing, investing, and capital and related financing activities for the years ended June 30, 2023 and 2022.

The following schedules are prepared from the Station's basic financial statements. The statements are presented on an accrual basis of accounting whereby revenues are recognized when earned, expenses are recorded when incurred, and assets are capitalized and depreciated.

Statement of Net Position

This statement is presented with three major categories, namely assets, liabilities, and net position. The assets are classified among current, capital, and other assets. The current assets include cash, accounts receivable, prepaid expenses, and funds held for the benefit of the Station. These assets had a decrease of approximately \$3,000. Capital assets include equipment shown net of depreciation. Lease assets acquired during the year, net of accumulated amortization were approximately \$4,000 at June 30, 2023. Current liabilities include accounts payable, deferred revenue, leases payable, funds due to the University, and accrued expenses. These liabilities represent obligations due within one year. Noncurrent liabilities include accrued compensated absences and leases payable. Total net position decreased to approximately \$(66,000) in 2023 from \$0 in 2022 and \$72,000 in 2021.

Following is a comparison of the summarized financial position and net position of the Station as of June 30:

	2023	2022	2021
Assets			
Current assets	\$ 19,000	\$ 22,000	\$ 90,000
Capital assets, net of accumulated depreciation	-	-	1,000
Lease assets, net of accumulated amortization	<u>4,000</u>	<u>-</u>	<u>-</u>
Total assets	23,000	22,000	91,000
Liabilities			
Current liabilities	79,000	22,000	19,000
Noncurrent liabilities	<u>10,000</u>	<u>-</u>	<u>-</u>
Net Position	<u><u>\$ (66,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,000</u></u>

In 2023, the Station's addition to capital equipment included a leased copier. Depreciation amounted to approximately \$650. There was one retirement (Honda Element) in the amount of approximately \$21,000.

Statement of Revenues, Expenses, and Changes in Net Position

This statement reflects the effect of operations on net position. The statement is classified between operating and nonoperating revenues and expenses. Operating revenues include public broadcasting grants, underwriting revenue, in-kind underwriting revenue, and donations. The majority of nonoperating revenues are made up of general university appropriations.

The Station's operating expenses are classified as program services or support services. Program services include programming and production and broadcasting. Support services include management and general and fundraising.

The following is a comparison of operating results for the years ended June 30:

	2023	2022	2021
Operating revenues	\$ 229,000	\$ 222,000	\$ 216,000
Operating expenses	<u>741,000</u>	<u>756,000</u>	<u>703,000</u>
Operating loss	(512,000)	(534,000)	(487,000)
Nonoperating revenues	<u>446,000</u>	<u>462,000</u>	<u>521,000</u>
Increase (decrease) in net position	(66,000)	(72,000)	34,000
Net position, beginning of year	<u>-</u>	<u>72,000</u>	<u>38,000</u>
Net position, end of year	<u><u>\$ (66,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,000</u></u>

The Station relies on three main sources of income: an annual allocation and related in-kind support from the University, which are categorized as nonoperating revenue; an annual grant from the CPB; and private donations, both cash and in-kind. Private donations are used for operating, capital expenditures, and special projects. Special projects are sometimes funded by grants and contracts.

Operating revenues increased approximately \$7,000 partly due to an increase in the grant from the CPB, an increase in donations, and a small increase in underwriting revenue.

Operating expenses decreased approximately \$15,000 due to changes in personnel throughout the fiscal year.

Statement of Cash Flows

This statement is used to determine the Station's ability to meet its obligations and to determine if external financing is needed. It is presented using the direct method with four major classifications: operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Following is a comparison of cash flows for the years ended June 30:

	2023	2022	2021
Net Cash Provided by (Used in)			
Operating activities	\$ (329,000)	\$ (359,000)	\$ (411,000)
Noncapital financing activities	320,000	288,000	441,000
Capital and related financing activities	-	-	7,000
Investing activities	<u>-</u>	<u>1,000</u>	<u>20,000</u>
Increase (Decrease) in Cash	(9,000)	(70,000)	57,000
Cash, Beginning of Year	<u>9,000</u>	<u>79,000</u>	<u>22,000</u>
Cash, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 9,000</u></u>	<u><u>\$ 79,000</u></u>

Economic Outlook

The Station continues to make necessary technological improvements to enhance the quality of its broadcasts. Revenue streams continue to be a challenge while the Station continues to look for areas in which it can reduce expenses. Management will continue to seek support from local businesses, private foundations, and individual donors to help ensure that the Station continues to provide high-quality information, entertainment, and music programming to its listening audience.

Cameron University – KCCU-FM

Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	\$ -	\$ 9,337
Accounts receivable	6,652	2,547
Prepaid expenses	9,924	8,103
Funds held for the benefit of the Station	2,802	2,352
Total current assets	19,378	22,339
Lease Assets, Net	3,650	-
Total assets	23,028	22,339
Liabilities		
Current Liabilities		
Accounts payable	4,307	2,391
Due to University	60,495	-
Deferred revenue	5,968	6,094
Leases payable	831	-
Accrued expenses	7,092	14,148
Total current liabilities	78,693	22,633
Noncurrent Liabilities, Net of Current Portion		
Accrued compensated absences	7,661	-
Leases payable	2,920	-
Total noncurrent liabilities	10,581	-
Total liabilities	89,274	22,633
Net Position		
Restricted	-	4,301
Unrestricted	(66,246)	(4,595)
Total net position	\$ (66,246)	\$ (294)

Cameron University – KCCU-FM
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Public broadcasting grants	\$ 90,179	\$ 87,681
Underwriting	62,494	60,915
In-kind underwriting	9,000	10,175
Donations	67,905	63,546
	<hr/>	<hr/>
Total operating revenues	229,578	222,317
	<hr/>	<hr/>
Operating Expenses		
Salaries and benefits	282,215	309,667
Memberships	2,931	60,142
Travel	520	-
Legal, professional, and technical	63,201	56,676
Donated facilities and indirect administrative support	169,641	162,928
Telephone	1,459	3,226
Postage and freight	1,598	990
Repairs	2,818	3,849
Advertising	336	305
Utilities	34,300	27,940
Rent	7,668	8,303
Licensing fees	149,826	91,492
Expendable equipment	1,167	2,417
Depreciation	644	918
Other	23,051	27,694
	<hr/>	<hr/>
Total operating expenses	741,375	756,547
	<hr/>	<hr/>
Operating Loss	(511,797)	(534,230)
	<hr/>	<hr/>
Nonoperating Revenues (Expenses)		
General university appropriations	260,405	288,321
Donated facilities and indirect administrative support	169,641	162,928
On-behalf payments for OTRS	15,864	10,723
Interest expense	(65)	-
	<hr/>	<hr/>
Total nonoperating revenues	445,845	461,972
	<hr/>	<hr/>
Change in Net Position	(65,952)	(72,258)
	<hr/>	<hr/>
Net Position, Beginning of Year	(294)	71,964
	<hr/>	<hr/>
Net Position, End of Year	\$ (66,246)	\$ (294)
	<hr/>	<hr/>

Cameron University – KCCU-FM

Statements of Cash Flows Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Cash received from donations, grant underwriting, and other receipts	\$ 225,347	\$ 225,201
Cash paid to employees	(265,746)	(299,828)
Cash paid to suppliers	(288,780)	(285,133)
Net cash used in operating activities	<u>(329,179)</u>	<u>(359,760)</u>
Noncapital Financing Activities		
Cash received from university appropriations	<u>320,900</u>	<u>288,321</u>
Net cash provided by noncapital financing activities	<u>320,900</u>	<u>288,321</u>
Capital and Related Financing Activities		
Principal and interest paid on leases payable	<u>(608)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(608)</u>	<u>-</u>
Investing Activities		
Change in funds held for the benefit of the Station	<u>(450)</u>	<u>1,471</u>
Net cash provided by (used in) investing activities	<u>(450)</u>	<u>1,471</u>
Decrease in Cash	(9,337)	(69,968)
Cash, Beginning of Year	<u>9,337</u>	<u>79,305</u>
Cash, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 9,337</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (511,797)	\$ (534,230)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	644	918
Donated facilities and indirect administrative support	169,641	162,928
On-behalf contributions from OTRS	15,864	10,723
Changes in operating assets and liabilities		
Accounts receivable	(4,105)	(931)
Prepaid expenses	(1,821)	(2,329)
Deferred revenue	(126)	3,816
Accounts payable	1,916	228
Accrued expenses	<u>605</u>	<u>(883)</u>
Net cash used in operating activities	<u><u>\$ (329,179)</u></u>	<u><u>\$ (359,760)</u></u>
Noncash Capital and Related Financing Items		
Lease obligation incurred for lease assets	\$ 4,294	\$ -

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

Nature of Operations

KCCU-FM (the Station) is a radio station operated by Cameron University (the University) in Lawton, Oklahoma. The Station is not a separate corporation, but a public telecommunications entity and a department of the University. The Station is accounted for within the funds of the University.

Financial Statement Presentation

The Station's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's 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 Station is required to present a statement of net position classified between current and noncurrent assets and liabilities and deferred outflows and inflows; a statement of revenues, expenses, and changes in net position with separate presentation for operating and nonoperating revenues and expenses; and a statement of cash flows using the direct method.

The Station is a department of the University. These financial statements do not purport to, and do not, present fairly the financial position of the University as of June 30, 2023 and 2022, and the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The accompanying financial statements have been prepared 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 and Cash Equivalents

The Station considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Station held no cash equivalents at June 30, 2023 or 2022.

Capital Assets

The Station follows the University's capitalization and depreciation policies. Capital assets are recorded at cost at the date of acquisition or valued at the estimated acquisition value on the date of donation if acquired by gift. For equipment, the capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Depreciation is provided over the estimated useful lives of the assets on the straight-line method, generally seven years. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred.

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2023 and 2022

Leases

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

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.

Compensated Absences

Employees' compensated absences are accrued when earned and amount to \$14,720 and \$13,564 as of June 30, 2023 and 2022, respectively. The obligations and expenditures incurred during the year are recorded as current accrued expenses and long-term accrued compensated absences in the accompanying statements of net position and as an operating expense in the accompanying statements of revenues, expenses, and changes in net position.

Deferred Revenue

Deferred revenue as of June 30, 2023 and 2022 consisted of \$5,968 and \$6,094, respectively, in underwriting revenues related to amounts received by the Station that have not been earned.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code, as amended. However, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). Such amounts have historically been insignificant. As a department of the University, the Station is also exempt from income taxes.

Programming

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

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2023 and 2022

In-Kind Contributions

Since fiscal year 1995, the Corporation for Public Broadcasting (the CPB) determined that it would not allow in-kind contributions for programs, compact discs, and volunteer services to be included for grant calculation purposes. Therefore, the CPB and NPR have not furnished values for these in-kind contributions. These amounts have not been included in the accompanying financial statements; however, the Station considers these in-kind contributions to be an integral part of the operations. The estimated fair value of in-kind contributions, primarily advertising, is recorded as revenue and expensed in the period used.

Operating Revenues and Expenses

The Station distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Station's principal ongoing operations. The principal operating revenues of the Station are grants for public broadcasting entities, including grants to enhance the quality of programming and expand the scope of public broadcasting services, as well as revenues received from grant underwriting and donations.

Operating expenses include cost of services, payments to suppliers and employees, administrative expenses, and depreciation and amortization on capital and lease assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Revenue Recognition

Grant funds are reported as revenue when eligibility requirements have been met. Grant funds that have been received but have not met eligibility requirements are reported as deferred revenue. Revenue from grant underwriting is reported as revenue when earned. Donations from special events are reported as operating revenue when received.

Net Position

The Station's net position is classified as follows:

Net Investment in Capital Assets – This represents the Station's total investment in capital and lease assets, net of accumulated depreciation and amortization and related deferred outflows of resources, reduced by outstanding debt obligations related to those capital and lease assets. To the extent debt has been incurred but not yet expended for capital and lease assets, such amounts are not included as a component of net investment in capital assets.

Restricted – Restricted net position represents resources in which the Station is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted – Unrestricted net position represents resources derived from the ongoing operations of the Station. These resources may be used at the discretion of the governing board to meet current expenses for any purpose.

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2023 and 2022

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Station's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Donated Facilities and Indirect Administrative Support

Donated facilities consist of certain premises located in and owned by the University that are occupied by the Station without charge. The allocable portion of the premises is reported as revenue and expense in the period when the premises are used.

Indirect administrative support includes allocable portions of institutional support, physical plant operations, and library costs. The amount of university expenditures attributable to the Station is allocated based upon suggested formats of the CPB. For the years ended June 30, 2023 and 2022, the allocation method was as follows:

Institutional Support – These costs are allocated based upon the licensee's indirect cost rate (the licensee's indirect costs as a percentage of direct costs) and the Station's total operating expenses less depreciation and amortization, in-kind contributions reported as expenses, and indirect administrative support.

Deferred Outflows of Resources

Deferred outflows are the consumption of net assets by the Station that is applicable to a future reporting period. At June 30, 2023 and 2022, the Station had no deferred outflows of resources.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net assets by the Station that is applicable to a future reporting period. At June 30, 2023 and 2022, the Station had no deferred inflows of resources.

New Accounting Pronouncements Adopted in Fiscal Year 2023

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. GASB 91 is now effective for reporting periods beginning after December 15, 2021. This statement did not have a significant impact on the Station's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. GASB 96 defines a SBITA, establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding an SBITA. To the extent relevant, the standards for SBITAs are based on standards established in GASB 87. GASB 96 is effective for reporting

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2023 and 2022

periods beginning after June 15, 2022. This statement did not have a significant impact on the Station's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. A portion of this standard provides additional information on interpreting and applying GASB 96 by clarifying the definition of the SBITA term and further explaining what is included and excluded in the term. GASB 99 also provides additional guidance on short-term SBITAs and the remeasurement of a subscription liability.

Note 2: Cash and Funds Held for the Benefit of the Station

The University acts as depository for funds received from the CPB and other sources for the benefit of the Station. These grant monies are pooled with other university funds for investment purposes and are invested with the State Cash Management System.

The state treasurer requires that all state funds are either insured by federal deposit insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The University'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.

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

Funds held for the benefit of the Station are pooled within the net assets of Cameron University Foundation, Inc. (the Foundation). The Foundation is a private foundation organized for the purpose of receiving and administering gifts intended for the benefit of the University. At June 30, 2023 and 2022, the Foundation maintained cash balances on behalf of the Station totaling \$2,802 and \$2,352, respectively.

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2023 and 2022

Note 3: Capital and Lease Assets

A summary of the changes in capital and lease assets for the years ended June 30 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
2023				
Capital and lease assets being depreciated/amortized				
Equipment	\$ 539,883	\$ -	\$ (20,929)	\$ 518,954
Lease asset – equipment	-	4,294	-	4,294
Total capital and lease assets being depreciated/amortized	539,883	4,294	(20,929)	523,248
Less accumulated depreciation/amortization				
Equipment	(539,883)	-	20,929	(518,954)
Lease asset – equipment	-	(644)	-	(644)
Total accumulated depreciation/amortization	(539,883)	(644)	20,929	(519,598)
Capital and lease assets, net	\$ -	\$ 3,650	\$ -	\$ 3,650
2022				
Capital assets being depreciated/amortized				
Equipment	\$ 539,883	\$ -	\$ -	\$ 539,883
Total capital assets being depreciated/amortized	539,883	-	-	539,883
Less accumulated depreciation/amortization				
Equipment	(538,965)	(918)	-	(539,883)
Total accumulated depreciation/amortization	(538,965)	(918)	-	(539,883)
Capital assets, net	\$ 918	\$ (918)	\$ -	\$ -

Note 4: Related-Party Transactions

The Station received facility and indirect administrative support from the University of \$169,641 and \$162,928 for 2023 and 2022, respectively. The Station also received direct appropriations

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Notes to Financial Statements

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from the University for general operations of \$260,405 and \$288,321 in 2023 and 2022, respectively.

Note 5: Retirement Programs

The Station's employees are university employees and are covered, through the University, by the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employees' retirement system. The University does not maintain the accounting records, hold the investments for, or administer the OTRS plan.

Oklahoma Teachers' Retirement System

Plan Description

The University contributes to the OTRS, a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. The OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides benefits upon disability and to survivors upon the death of eligible members. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma Statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the plan to the board of trustees of the OTRS. The OTRS issues a publicly available financial report that includes financial statements and supplementary information for the OTRS. That annual report may be obtained by writing to the OTRS, P.O. Box 53524, Oklahoma City, OK 73152, by calling 405.521.2387, or at the OTRS website at www.trs.state.ok.us.

Funding Policy

The University is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 8.55% for 2023 and 2022 is applied to annual compensation and is determined by state statute.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2023 and 2022. The University contributes the required amounts for participating members.

The University's contributions to the OTRS for the Station's employees for the years ended June 30, 2023 and 2022 were approximately \$30,600 and \$34,800, respectively, equal to the required contributions for each year. These contributions included the University's statutory contribution and the share of the employee's contribution paid directly by the University.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2023 and 2022, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual taxes to the OTRS on behalf of participating employers. The University has estimated the amounts contributed to the OTRS by the State of Oklahoma on its behalf by multiplying the ratio of the Station's covered salaries to total covered salaries for the OTRS for the year by the applicable percentage of taxes collected during the year. For the years

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Notes to Financial Statements

June 30, 2023 and 2022

ended June 30, 2023 and 2022, the total amounts contributed to the OTRS by the State of Oklahoma on behalf of the Station were \$15,864 and \$10,723, respectively. These on-behalf payments have been recorded as nonoperating revenues and operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

Note 6: Functional Expense Classification

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

	2023	2022
Program services		
Programming and production	\$ 261,717	\$ 292,350
Broadcasting	113,486	119,961
Support services		
Management and general	197,020	212,155
Fundraising	169,217	132,081
Total	<u>\$ 741,440</u>	<u>\$ 756,547</u>

Note 7: Leases Payable

The Station, as a lessee, has entered into a lease agreement involving a copier. A summary of the University's lease terms and interest rates is as follows:

- Annual installments of \$912
- Imputed interest rate of 2.4%
- Due date of August 2028

The balance outstanding at June 30, 2023 was \$3,650.

Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred.

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Notes to Financial Statements

June 30, 2023 and 2022

Future annual lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 831	\$ 81	\$ 912
2025	852	60	912
2026	872	40	912
2027	893	19	912
2028	202	3	205
Total	<u>\$ 3,650</u>	<u>\$ 203</u>	<u>\$ 3,853</u>

Note 8: Grants

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 (CSG) 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.

According to the *Communications Act*, funds may be used at the discretion of recipients. The Station uses these funds for the acquisition of programming. The grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain guidelines must be satisfied in connection with application for and use of the CSGs to maintain eligibility and meet compliance requirements. These guidelines pertain to the use of CSG funds, record-keeping, audits, financial reporting, and licensee status with the Federal Communications Commission. Management believes these are routine requirements and do not provide any restrictions on the grants.

For the years ended June 30, 2023 and 2022, the Station received \$90,179 and \$87,681, respectively, in grant revenue in relation to CSGs.

Note 9: Risk Management

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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Notes to Financial Statements

June 30, 2023 and 2022

The University, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program public entity risk pool currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the pool for its workers' compensation, tort, property, and liability insurance coverage. The Oklahoma Risk Management pool's governing agreement specifies that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The Station participates in the insurance programs described above by virtue of it being a department of the University. The University does not separately allocate any of these liabilities to the Station. Accordingly, no portion of these liabilities is reflected in the Station's financial statements.

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

Independent Auditor's Report

Regents of the University of Oklahoma
Cameron University – KCCU-FM
Norman, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of KCCU-FM (the Station), a department of Cameron University (the University), which comprise the Station's statement of net position as of June 30, 2023 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 21, 2023, which contained an "Emphasis of Matter" paragraph regarding the reporting entity.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station'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.

Regents of the University of Oklahoma
Cameron University – KCCU-FM

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station'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.

FORVIS, LLP

Tulsa, Oklahoma
November 21, 2023