

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of KOSU-FM Radio Station (KOSU), a Public Broadcasting Entity operated by Oklahoma State University, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise KOSU's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KOSU, as of June 30, 2024 and 2023, and the respective changes in 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 Opinions

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

Emphasis of Matter

As disclosed in Note 1, the accompanying financial statements of KOSU are intended to present the financial position and changes in net position and cash flows of only that portion of activities that is attributable to the transactions of KOSU. They do not purport to, and do not, present fairly the financial position of Oklahoma State University as of June 30, 2024 and 2023, and the changes in its net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter Regarding a Correction of an Error

As described in Note 1 to the financial statements, certain misstatements of amounts previously reported on the statement of net position, statement of revenues, expenses, and changes in net position as of and for the year ended June 30, 2023, were discovered by management of KOSU during the current year. Accordingly, an adjustment has been made to net position as of June 30, 2023, to correct the misstatement. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KOSU's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KOSU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KOSU's ability to continue as a going concern for a reasonable period of time.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **January 13, 2025** January 10, 2025, on our consideration of KOSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KOSU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KOSU's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Louis, Missouri
January 10, 2025

**KOSU-FM RADIO STATION
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OKLAHOMA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Overview of Financial Statements and Financial Analysis

KOSU-FM Radio Station (KOSU), a Public telecommunications entity owned and operated by Oklahoma State University (the University), presents its financial statements for fiscal year 2024 and 2023, with comparative data presented for fiscal year 2022. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of KOSU's financial statements provides an overview of its financial activities for the year.

Statements of Net Position

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

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

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

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	2024	2023 (As Restated)	2022 (As Restated)
ASSETS			
Current Assets	\$ 1,094,746	\$ 566,185	\$ 723,762
Capital Assets, Net of Accumulated Depreciation	1,492,632	1,668,991	1,834,240
Other Assets	229,082	143,745	126,583
Total Assets	2,816,460	2,378,921	2,684,585
DEFERRED OUTFLOWS OF RESOURCES	88,963	126,279	116,208
LIABILITIES			
Current Liabilities	446,712	564,899	897,465
Noncurrent Liabilities	1,376,237	1,407,027	1,160,275
Total Liabilities	1,822,949	1,971,926	2,057,740
DEFERRED INFLOWS OF RESOURCES	81,225	109,670	303,634
NET POSITION			
Net Investment in Capital Assets	528,357	723,908	934,761
Restricted – Nonexpendable	146,202	140,799	126,583
Restricted – Expendable	156,071	275,951	451,868
Unrestricted	170,619	(717,054)	(1,073,793)
Total Net Position	<u>\$ 1,001,249</u>	<u>\$ 423,604</u>	<u>\$ 439,419</u>

In fiscal year 2024, total assets Increased by \$437,539 or 18.39% over fiscal year 2023. The increase is due primarily to an increase in the beneficial interest in assets held by OSU Foundation of \$291,085, an increase in promises to give receivables - pledges of \$171,878, an increase in cash of \$139,440. This was offset by a decrease in capital assets of \$176,359.

In fiscal year 2023, total assets decreased by \$305,664 or 11.39% over fiscal year 2022. The decrease is due primarily to a decrease in capital assets, net of accumulated depreciation of \$165,249, and a decrease in beneficial interest in assets held by OSU Foundation of \$128,580.

In fiscal year 2024, deferred outflows of resources decreased by \$37,316. This was due to a decrease in deferred costs on pension programs and other postemployment benefits. In fiscal year 2023, deferred outflows of resources increased by \$10,071. This was due to an increase in deferred costs on pension programs and other postemployment benefits.

In fiscal year 2024, total liabilities decreased by \$148,977 or 7.55% over fiscal year 2023. The decrease was due to a decrease in bank overdraft of \$76,727 and unearned revenue of \$116,934. This was offset by an increase in the accounts payable of \$89,785.

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In fiscal year 2023, total liabilities decreased by \$85,814 or 4.17% over fiscal year 2022. The decrease was due to a decrease in the bank overdraft of \$111,095, and a decrease in the unearned revenue of \$178,863. This was offset by an increase in the pension liability of \$135,020, an increase in lease liability of \$58,204, and an increase in the accrued compensated absences of \$17,792.

In fiscal year 2024, deferred inflows of resources decreased by \$28,445 from fiscal year 2023 due to a decrease in deferred inflows for pension liabilities. In fiscal year 2023, deferred inflows of resources decreased by \$193,964 from fiscal year 2022 due to a decrease in deferred inflows for pension liabilities.

In fiscal year 2024, net position increased \$576,419, while in fiscal year 2023, net position decreased \$14,589.

Statements of Revenues, Expenses, and Changes in Net Position

While the 2023 – 2024 comparisons are important indicators of activity during the year under audit, it is important to look at some of the operating and nonoperating categories over time. One of the important measures of an organization's fiscal stability is how operating revenues compare to operating expenses.

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

	2024	2023 (As Restated)	2022 (As Restated)
Operating Revenues	\$ 2,645,035	\$ 1,748,287	\$ 1,731,530
Operating Expenses	3,190,366	2,589,192	2,291,041
Operating Loss	(545,331)	(840,905)	(559,511)
Nonoperating Revenues	1,121,976	813,090	879,285
Loss Before other Revenues, Expenses, Gains, and Losses	576,645	(27,815)	319,774
Addition to Permanent Endowments	1,000	12,000	99
Other Revenues, Expenses, Gains, and Losses	-	-	-
Increase (Decrease) in Net Position	<u>\$ 577,645</u>	<u>\$ (15,815)</u>	<u>\$ 319,873</u>

Operating revenues of \$2,645,035 in fiscal year 2024 increased \$896,748 or 51.29% over fiscal year 2023. The increase is due to an increase in contribution of \$605,391, an increase in promises to give of \$231,878, an increase in community and rural service and journalism grants of \$37,247 and an increase in underwriting revenue of \$50,401. This is offset by a decrease in miscellaneous income of \$28,169.

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

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

	2024	2023 (As Restated)	2022 (As Restated)
OPERATING REVENUES			
Contributions	\$ 1,467,372	\$ 861,981	\$ 695,874
Miscellaneous Income	33,363	61,532	22,620
Community and Rural Service Grants	312,817	245,750	209,439
Private Foundation Grant and Journalism Grants	229,091	258,911	376,379
Underwriting Revenue	370,514	320,113	427,218
Promises to give	231,878	-	-
	<u>\$ 2,645,035</u>	<u>\$ 1,748,287</u>	<u>\$ 1,731,530</u>
Total Operating Revenues			

Operating expenses for fiscal year 2024 increased \$601,174 or 23.22% over fiscal year 2023. The increase is primarily due to an increase in compensation and employee benefits of \$150,638, supplies and materials of \$192,131, other operating expenses of \$243,855 and professional and consulting services of \$51,834. This is offset by a decrease in depreciation and amortization of \$87,648.

Operating expenses for fiscal year 2023 increased \$298,151 or 13.01% over fiscal year 2022. The increase is primarily due to an increase in compensation and employee benefits of \$306,153, university facilities and administrative support of \$46,912, utilities of \$23,413, supplies and materials of \$22,302, travel of \$21,527 and depreciation expense of \$18,552. This is offset by a decrease in other operating expenses of \$64,832, professional and consulting services of \$46,127 and programming services of \$21,262.

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	2024	2023 (As Restated)	2022 (As Restated)
OPERATING EXPENSES			
Compensation and Employee Benefits	\$ 1,247,546	\$ 1,096,908	\$ 790,755
Professional and Consulting Services	266,415	214,581	260,708
Programming Services	436,703	435,036	456,298
Supplies and Materials	260,001	67,870	45,568
Travel	28,680	28,805	7,278
Communications	23,879	19,043	27,669
Utilities	79,731	88,655	65,242
University Facilities and Administrative Support	269,923	221,721	174,809
Depreciation	234,559	322,207	301,162
Other Operating Expense	342,929	94,366	161,552
	<u>\$ 3,190,366</u>	<u>\$ 2,589,192</u>	<u>\$ 2,291,041</u>
Total Operating Expenses	<u>\$ 3,190,366</u>	<u>\$ 2,589,192</u>	<u>\$ 2,291,041</u>

Nonoperating revenues in fiscal year 2024 of \$1,121,976 increased \$308,886 or 37.99% more than fiscal year 2023. Nonoperating revenues consisted of allocations from the University, donated facilities and administrative support, interest expense and investment income. The increase was due to an increase in allocations from OSU of \$255,023 and increase in donated facilities and administrative support of \$48,202.

Nonoperating revenues in fiscal year 2023 of \$813,090 decreased \$66,195 or 7.53% from fiscal year 2022. Nonoperating revenues consisted of allocations from the University, donated facilities and administrative support, interest expense and investment income. The decrease was due to a decrease in gain on extinguishment of debt of \$ 161,587. This was offset by an increase in allocation from OSU of \$37,514, facilities and administrative support of \$46,912 and investment income of \$11,701.

	2024	2023 (As Restated)	2022 (As Restated)
Allocations from OSU	\$ 848,952	\$ 593,929	\$ 556,415
Donated Facilities and Administrative Support	269,923	221,721	174,809
Gain on Extinguishment of Debt	-	-	161,587
Gain on Sale of Fixed Assets	5,000	-	-
Interest Expense	(11,851)	(9,866)	(9,131)
Investment Income (Loss), Net	9,952	7,306	(4,395)
	<u>\$ 1,121,976</u>	<u>\$ 813,090</u>	<u>\$ 879,285</u>
Total Nonoperating Revenues	<u>\$ 1,121,976</u>	<u>\$ 813,090</u>	<u>\$ 879,285</u>

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Statements of Cash Flows

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

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

	2024	2023 (As Restated)	2022 (As Restated)
CASH PROVIDED (USED) BY			
Operating Activities	\$ (538,257)	\$ (317,723)	\$ (461,995)
Noncapital Financing Activities	709,929	431,637	578,470
Investing Activities	9,952	7,306	(4,395)
Capital and Related Financing Activities	<u>(42,184)</u>	<u>(121,220)</u>	<u>(112,080)</u>
NET CHANGE IN CASH	139,440	-	-
Cash - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
CASH - END OF YEAR	<u><u>\$ 139,440</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The cash and cash equivalents in fiscal year 2024 was \$139,400 at the end of year. The cash and cash equivalents remained at zero in fiscal year 2023 and 2022.

Economic Outlook

The COVID-19 pandemic has been a significant disruptive force. It is unclear what the recovery pattern or timeline and its effect on KOSU will be. It is also unclear how the pandemic will affect audience behavior in the long-term.

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

- Corporation for Public Broadcasting: As of this writing, Congress has not passed a budget for FY25. Because the Corporation for Public Broadcasting receives a two-year advance appropriation, the budget for the coming fiscal year is in the U.S. Treasury. A change in the presidential administration and Congressional leadership may bring about budget changes for many federal programs including public broadcasting.

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- **Oklahoma State University Support:** Public higher education is faced with many challenges because of general economic conditions and volatile enrollment. The Station received increased funding from Oklahoma State University in FY24 to partially fund a merit raise program for employees. Station management acknowledges the significant indirect administrative support provided to the Station by the University. Support of KOSU by individual and corporate donors and community foundations and grants is restricted to the Station and not available to the University.
- **Individual Donations:** Economic uncertainty and changing donor habits and preferences continue to affect individual donations. In addition, the station is continuing to navigate a changing media landscape. Across media, digital users are less loyal than traditional broadcast listeners and are more difficult to convert to members. KOSU continues to test methods that could increase membership in this fractured and unpredictable environment. However, many existing individual donors are increasing individual giving and including KOSU in other financial plans, such as estate gifts.
- **Underwriting:** Corporate support remains a volatile source of revenue. With an unpredictable economy, many businesses remain conservative with their marketing budgets.
- **Grants:** Station management continues to build partnerships with potential grant funders. The station is working on several projects with multi-year grant funding attached. Management will continue to pursue new grant funders as more organizations are viewing local journalism as a philanthropic priority.

Rachel Hubbard
KOSU-FM Radio Station Director

Megan Horton
Associate Vice President of Brand
Management

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STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023 (As Restated)
CURRENT ASSETS		
Cash - Unrestricted	\$ 139,440	\$ -
Accounts Receivable	19,932	4,194
Promises to give receivables - Pledges	92,175	-
Prepaid Expenses	26,706	31,180
Beneficial Interest in Assets Held by OSU Foundation	816,493	530,811
Total Current Assets	<u>1,094,746</u>	<u>566,185</u>
NONCURRENT ASSETS		
Beneficial Interest in Assets Held by OSU Foundation	146,202	140,799
Promises to give receivables - Pledges	79,703	-
Other Postemployment Benefits	3,177	2,946
Capital Assets, Net of Accumulated Depreciation and Amortization	1,492,632	1,668,991
Total Noncurrent Assets	<u>1,721,714</u>	<u>1,812,736</u>
 Total Assets	 2,816,460	 2,378,921
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	86,802	123,410
Other Postemployment Benefits Related	2,161	2,869
Total Deferred Outflows of Resources	<u>88,963</u>	<u>126,279</u>

See accompanying Notes to Financial Statements.

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STATEMENTS OF NET POSITION
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	2024	2023 (As Restated)
CURRENT LIABILITIES		
Bank Overdraft	\$ -	\$ 76,727
Accounts Payable	169,512	79,727
Accrued Expenses	12,666	11,120
Accrued Compensated Absences	88,380	89,066
Current Portion of Lease Liability	20,083	31,585
Current Portion of Subscription Liability	-	3,669
Unearned Revenue	156,071	273,005
Total Current Liabilities	<u>446,712</u>	<u>564,899</u>
NONCURRENT LIABILITIES		
Pension Liability	486,570	497,198
Lease Liability	885,992	906,075
Accrued Interest Payable	3,675	3,754
Total Noncurrent Liabilities	<u>1,376,237</u>	<u>1,407,027</u>
Total Liabilities	1,822,949	1,971,926
DEFERRED INFLOWS OF RESOURCES		
Pension Related	80,430	108,680
Other Postemployment Benefits Related	795	990
Total Deferred Inflows of Resources	<u>81,225</u>	<u>109,670</u>
NET POSITION		
Net Investment in Capital Assets	528,357	723,908
Restricted:		
Nonexpendable	146,202	140,799
Expendable	156,071	275,951
Unrestricted	<u>170,619</u>	<u>(717,054)</u>
Total Net Position	<u>\$ 1,001,249</u>	<u>\$ 423,604</u>

See accompanying Notes to Financial Statements.

KOSU-FM RADIO STATION
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023 (As Restated)
OPERATING REVENUES		
Contributions	\$ 1,467,372	\$ 861,981
Miscellaneous Income	33,363	61,532
Community and Rural Service and Journalism Grants	541,908	504,661
Underwriting Revenue	370,514	320,113
Promises to give	231,878	-
Total Operating Revenues	<u>2,645,035</u>	<u>1,748,287</u>
OPERATING EXPENSES		
Compensation and Employee Benefits	1,247,546	1,096,908
Professional and Consulting Services	266,415	214,581
Programming Services	436,703	435,036
Supplies and Materials	260,001	67,870
Travel	28,680	28,805
Communications	23,879	19,043
Utilities	79,731	88,655
University Facilities and Administrative Support	269,923	221,721
Depreciation and Amortization	234,559	322,207
Other Operating Expense	342,929	94,366
Total Operating Expenses	<u>3,190,366</u>	<u>2,589,192</u>
OPERATING LOSS	(545,331)	(840,905)
NONOPERATING REVENUES (EXPENSES)		
General Allocations from OSU	848,952	593,929
Donated Facilities and Administrative Support	269,923	221,721
Gain on Sale of Fixed Assets	5,000	-
Interest Expense	(11,851)	(9,866)
Investment Income (Expense)	9,952	7,306
Total Nonoperating Revenues	<u>1,121,976</u>	<u>813,090</u>
INCOME (LOSS) BEFORE REVENUES, GAINS, AND LOSSES	576,645	(27,815)
Addition to Permanent Endowments	<u>1,000</u>	<u>12,000</u>
INCREASE (DECREASE) IN NET POSITION	577,645	(15,815)
Net Position – Beginning of Year	<u>423,604</u>	<u>439,419</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,001,249</u></u>	<u><u>\$ 423,604</u></u>

See accompanying Notes to Financial Statements.

**KOSU-FM RADIO STATION
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STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions, Grants, Underwriting, and Miscellaneous Receipts	\$ 2,049,400	\$ 1,704,448
Cash Paid to Suppliers	(1,402,279)	(938,637)
Cash Paid to Employees	(1,185,378)	(1,083,534)
Net Cash Used by Operating Activities	(538,257)	(317,723)
CASH FLOWS FROM NONCAPITAL FINANCING AND OTHER ACTIVITIES		
General Allocations from OSU	785,656	530,732
Change in Bank Overdraft	(76,727)	(111,095)
Additions to Permanent Endowments	1,000	12,000
Net Cash Provided by Noncapital Financing and Other Activities	709,929	431,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	9,952	7,306
Net Cash Provided by Investing Activities	9,952	7,306
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Lease Liability Activities	(43,457)	(113,304)
Subscription Liability Activities	(3,727)	(7,916)
Proceeds from Sale of Fixed Asset	5,000	-
Net Cash Used by Capital and Related Financing Activities	(42,184)	(121,220)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	139,440	-
Cash and Cash Equivalents - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 139,440</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u> (As Restated)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (545,331)	\$ (840,905)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization	234,559	322,207
On-Behalf Contribution to Teachers' Retirement System	63,296	63,197
University Facilities and Administrative Support	269,923	221,721
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(15,738)	6,444
Prepaid Expenses	4,474	8,337
Other Postemployment Benefits	(231)	(2,946)
Beneficial Interest in Assets Held by OSU Foundation	(291,085)	128,580
Promises to give receivable - Pledges	(171,878)	-
Accounts Payable	31,585	1,382
Pension Liability	(10,628)	135,020
Accrued Expenses	1,546	4,346
Accrued Compensated Absences	(686)	17,792
Unearned Revenue	(116,934)	(178,863)
Deferred Outflows	37,316	(10,071)
Deferred Inflows	(28,445)	(193,964)
Net Cash Used by Operating Activities	<u>\$ (538,257)</u>	<u>\$ (317,723)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Facilities and Administrative Support	\$ 269,923	\$ 221,721
Capital Assets Acquired through Leases and Subscriptions	(238,979)	127,672
Capital Assets Additions Included in Accounts Payable	58,200	-
	<u>\$ 89,144</u>	<u>\$ 349,393</u>

See accompanying Notes to Financial Statements.

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Financial Statement Presentation

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

Basis of Accounting

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

Cash Equivalents

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

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Pledges and Accounts Receivable

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

Accounts receivable consists primarily of unconditional contributions receivable including amounts due under pledge agreements or amounts due in connection with reimbursement of allowable expenditures made pursuant to grants and contracts.

Capital Assets

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Programming

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

In-Kind Contributions

The estimated fair value of in-kind contributions, primarily advertising, is recorded as revenue and expense in the period received. There were no in-kind contributions for the years ended June 30, 2024 and 2023.

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Deferred Outflows of Resources

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

Unearned Revenues

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

Compensated Absences

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

Pension and Benefit Plans

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

Leases

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

Subscription-Based Information Technology Arrangements

KOSU contracts subscription-based information technology for operating activities for various terms under long-term, noncancelable agreements. As of June 30, 2024, KOSU does not have any subscription-based information technology arrangements. As of June 30, 2023, KOSU held one contract in which the agreement expired in fiscal year 2024.

Deferred Inflows of Resources

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

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Income Taxes

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

Contributed Facilities and Indirect Administrative Support

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

Indirect administrative support was provided by various offices and services of the University. In 2020, the CPB developed a method called the Standard Method. KOSU is required to use the Standard Method, which includes direct costs and indirect costs. Donated facilities and indirect administrative support of \$269,923 and \$221,721 were recorded for the years ended June 30, 2024, and 2023, respectively.

Net Position

KOSU's net position is classified as follows:

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

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

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

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

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Net Position (Continued)

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

Classification of Revenues

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

Restatement –Correction of an Error

During the preparation of the 2024 financial statements, KOSU identified errors in the right to use asset balance for a lease that was not capitalized during fiscal year 2023. As a result of the error correction, the following financial statement line items for fiscal year 2023 were restated:

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Net Position			
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation and Amortization	\$ 1,668,991	\$ 1,521,907	\$ 147,084
Current Liabilities			
Current Portion of Lease Liability	31,585	26,340	5,245
Noncurrent Liabilities			
Lease Liability	906,075	763,372	142,703
Accrued Interest Payable	3,754	3,392	362
Net Position			
Invested in Capital Assets, Net of Debt	723,908	725,134	(1,226)
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses			
Depreciation and Amortization Expense	322,207	319,714	2,493
Other operating Expense	94,366	96,720	(2,354)
Nonoperating Revenues (Expenses)			
Interest Expense	(9,866)	(8,779)	(1,087)

**KOSU-FM RADIO STATION
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OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Restatement –Correction of an Error (Continued)

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Cash Flows			
Operating Activities			
Cash Paid to Suppliers	\$ (938,637)	\$ (940,991)	\$ 2,354
Capital Financing Activities			
Lease Liability Activities	(113,304)	(110,950)	(2,354)
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Changes in Assets and Liabilities:			
Operating Loss	(840,905)	(840,766)	(139)
Depreciation Expense	322,207	319,714	2,493

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

At June 30, 2024 the carrying amount of KOSU's cash and cash equivalents was \$139,440. At June 30, 2023 the carrying amount of KOSU's cash and cash equivalents was \$-0-. Cash equivalents would generally consist of deposits with the state treasurer and U.S. financial institutions.

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

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

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable includes grant receivables, unconditional contributions and pledges receivable as follows at June 30:

	2024	2023
Accounts Receivable	<u>\$ 19,932</u>	<u>\$ 4,194</u>
Pledges Receivable Expected in		
Less than One Year	\$ 92,175	\$ -
One Year to Five Years	<u>102,075</u>	<u>-</u>
Subtotal	194,250	-
Less: Unamortized Discount (7.71%)	<u>22,372</u>	<u>-</u>
Total	<u>\$ 171,878</u>	<u>\$ -</u>

NOTE 4 UNEARNED REVENUE

Unearned revenue consists of the following at June 30:

	2024	2023
Underwriting	\$ 11,376	\$ 17,816
Grants and Contracts	<u>144,695</u>	<u>255,189</u>
Total	<u>\$ 156,071</u>	<u>\$ 273,005</u>

KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 CAPITAL ASSETS

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

	2024					
	June 30, 2023	Additions	Transfers	Disposals	June 30, 2024	
COST OF CAPITAL ASSETS						
Records and Tapes	\$ 173,867	\$ -	\$ -	\$ -	\$ 173,867	
Building and Leasehold Improvements	248,833	58,200	-	(155,738)	151,295	
Office Machines	1,913	-	-	-	1,913	
Broadcast Equipment	320,116	-	-	-	320,116	
Programming and Production Equipment	64,224	-	-	-	64,224	
Automobiles	11,000	-	-	(11,000)	-	
Towers	2,473,005	-	-	-	2,473,005	
Transmitter Facilities (Building and Transmitter Equipment)	- 272,459	-	-	-	272,459	
Intangible Assets	45,000	-	-	-	45,000	
Right to Use Assets - Land	54,399	-	-	-	54,399	
Right to Use Assets - Building	1,134,978	-	-	(215,800)	919,178	
Subscription Asset	31,065	-	-	(23,179)	7,886	
Total Cost of Capital Assets	4,830,859	58,200	-	(405,717)	4,483,342	
ACCUMULATED DEPRECIATION AND AMORTIZATION						
Records and Tapes	(173,867)	-	-	-	(173,867)	
Building and Leasehold Improvements	(248,833)	-	-	155,738	(93,095)	
Office Machines	(1,913)	-	-	-	(1,913)	
Broadcast Equipment	(320,116)	-	-	-	(320,116)	
Programming and Production Equipment	(64,224)	-	-	-	(64,224)	
Automobiles	(11,000)	-	-	11,000	-	
Towers	(1,781,456)	(168,310)	-	-	(1,949,766)	
Transmitter Facilities (Building and Transmitter Equipment)	- (206,042)	(6,811)	-	-	(212,853)	
Intangible Assets	(45,000)	-	-	-	(45,000)	
Right to Use Assets - Land	(5,346)	(2,725)	-	-	(8,071)	
Right to Use Assets - Building	(283,272)	(46,776)	-	215,800	(114,248)	
Subscription Asset	(20,799)	(9,937)	-	23,179	(7,557)	
Total Accumulated Depreciation and Amortization	(3,161,868)	(234,559)	-	405,717	(2,990,710)	
Net Capital Assets	\$ 1,668,991	\$ (176,359)	\$ -	\$ -	\$ 1,492,632	

KOSU-FM RADIO STATION
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OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 CAPITAL ASSETS (CONTINUED)

	2023 (as restated)				
	June 30, 2022	Additions	Transfers	Disposals	June 30, 2023
COST OF CAPITAL ASSETS					
Records and Tapes	\$ 173,867	\$ -	\$ -	\$ -	\$ 173,867
Building and Leasehold Improvements	243,977	4,856	-	-	248,833
Office Machines	1,913	-	-	-	1,913
Broadcast Equipment	320,116	-	-	-	320,116
Programming and Production Equipment	64,224	-	-	-	64,224
Automobiles	11,000	-	-	-	11,000
Towers	2,473,005	-	-	-	2,473,005
Transmitter Facilities (Building and Transmitter Equipment)	272,459	-	-	-	272,459
Intangible Assets	45,000	-	-	-	45,000
Right to Use Assets - Land	55,722	-	-	(1,323)	54,399
Right to Use Assets - Building	1,013,869	149,577	-	(28,468)	1,134,978
Subscription Asset	23,179	7,886	-	-	31,065
Total Cost of Capital Assets	4,698,331	162,319	-	(29,791)	4,830,859
ACCUMULATED DEPRECIATION AND AMORTIZATION					
Records and Tapes	(173,867)	-	-	-	(173,867)
Building and Leasehold Improvements	(221,709)	(27,124)	-	-	(248,833)
Office Machines	(1,913)	-	-	-	(1,913)
Broadcast Equipment	(320,116)	-	-	-	(320,116)
Programming and Production Equipment	(64,224)	-	-	-	(64,224)
Automobiles	(11,000)	-	-	-	(11,000)
Towers	(1,613,146)	(168,310)	-	-	(1,781,456)
Transmitter Facilities (Building and Transmitter Equipment)	(199,231)	(6,811)	-	-	(206,042)
Intangible Assets	(45,000)	-	-	-	(45,000)
Right to Use Assets - Land	(3,927)	(2,619)	-	1,200	(5,346)
Right to Use Assets - Building	(203,464)	(103,038)	-	23,230	(283,272)
Subscription Asset	(6,494)	(14,305)	-	-	(20,799)
Total Accumulated Depreciation and Amortization	(2,864,091)	(322,207)	-	24,430	(3,161,868)
Net Capital Assets	<u>\$ 1,834,240</u>	<u>\$ (159,888)</u>	<u>\$ -</u>	<u>\$ (5,361)</u>	<u>\$ 1,668,991</u>

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 COMMUNITY SERVICES 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 (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

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

The CSGs received and expended during the years ended June 30, 2024, and 2023, were as follows:

Year of Grant	Grants Received	Expended as of June 30, 2024	Expended as of June 30, 2023	Uncommitted Balance at June 30, 2024	Uncommitted Balance at June 30, 2023
10/1/2023 - 2025	\$ 175,067 *	\$ 122,167	\$ -	\$ 52,900	\$ -
10/1/2022 - 2024	\$ 157,217 **	\$ 157,217	\$ -	\$ -	\$ 157,217
10/1/2021 - 2023	\$ 145,337 ***	\$ 145,337	\$ 145,337	\$ -	\$ -

* These amounts were received during the year ended June 30, 2024.

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

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

KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 LONG-TERM LIABILITIES

Long-term liability activity was as follows for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Lease Liability	\$ 937,660	\$ -	\$ (31,585)	\$ 906,075	\$ 20,083
Subscription Liability	3,669	-	(3,669)	-	-
Pension Liability	497,198	-	(10,628)	486,570	-
Total	<u>\$ 1,438,527</u>	<u>\$ -</u>	<u>\$ (45,882)</u>	<u>\$ 1,392,645</u>	<u>\$ 20,083</u>

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

	Balance July 1, 2022 (As Restated)	Additions (As Restated)	Reductions	Balance June 30, 2023 (As Restated)	Amounts Due Within One Year
Lease Liability	\$ 879,456	\$ 147,948	\$ (89,744)	\$ 937,660	\$ 31,585
Subscription Liability	11,585	7,286	(15,202)	3,669	3,669
Pension Liability	362,178	135,020	-	497,198	-
Total	<u>\$ 1,253,219</u>	<u>\$ 290,254</u>	<u>\$ (104,946)</u>	<u>\$ 1,438,527</u>	<u>\$ 35,254</u>

NOTE 8 FUNCTIONAL EXPENSE CLASSIFICATION

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

	2024	2023 (As Restated)
Program Services:		
Programming and Production	\$ 1,609,513	\$ 1,321,067
Broadcasting	751,042	568,638
Support Services:		
Fundraising	590,953	491,875
Management and General	238,858	207,612
Total	<u>\$ 3,190,366</u>	<u>\$ 2,589,192</u>

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 9 RELATED PARTY TRANSACTIONS

Oklahoma State University Foundation

Nature of Relationship

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

Description of Operations

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

The Foundation currently holds two scholarship endowments for KOSU. Amounts reflected as beneficial interest in assets held by the Foundation represent contributions held for the sole benefit of KOSU including the endowed funds.

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

	<u>2024</u>	<u>2023</u>
Contributions and Underwriting Revenue Received	\$ 1,765,027	\$ 1,131,752
Promises to Give	231,878	-
Private Foundation Grants	222,297	258,911
Funds Expended on Behalf of KOSU	<u>(113,417)</u>	<u>(87,390)</u>
	2,105,785	1,303,273
Addition to Permanent Endowments	1,000	12,000
Investment Income (Loss), Net	4,402	2,216
Spending Policy Distribution	5,550	5,090
Transfers to KOSU University Accounts	<u>(1,592,342)</u>	<u>(1,361,634)</u>
	524,395	(39,055)
Net Assets Held for KOSU - Beginning of Year	<u>517,014</u>	<u>556,069</u>
Net Assets Held for KOSU - End of Year	<u><u>\$ 1,041,409</u></u>	<u><u>\$ 517,014</u></u>

**KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

Oklahoma State University Foundation (Continued)

Description of Operations (Continued)

	<u>2024</u>	<u>2023</u>
Assets Held for KOSU:		
Accounts Receivable	\$ 10,899	\$ 1,955
Promises to Give Receivables	171,878	-
Prepaid Expenses	188	929
Beneficial Interest in Assets Held by OSU Foundation	<u>962,695</u>	<u>671,610</u>
Total Assets Held for KOSU	<u>1,145,660</u>	<u>674,494</u>
Liabilities Held for KOSU:		
Accounts Payable	42,710	41,755
Unearned Revenue	<u>61,541</u>	<u>115,725</u>
Total Liabilities Held for KOSU	<u>104,251</u>	<u>157,480</u>
Net Assets Held for KOSU	<u><u>\$ 1,041,409</u></u>	<u><u>\$ 517,014</u></u>

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

	<u>2024</u>	<u>2023</u>
Balance - Beginning of Year	\$ 140,799	\$ 126,583
Change in Endowment Funds During the Year:		
Addition to Permanent Endowments	1,000	12,000
Investment Return:		
Investment Gain, Net	7,587	2,171
Unrealized Gains	<u>2,366</u>	<u>5,135</u>
Total Investment Return	9,953	7,306
Amounts Appropriated for Expenditures	<u>(5,550)</u>	<u>(5,090)</u>
Total Changes	<u>5,403</u>	<u>14,216</u>
Balance - End of Year	<u><u>\$ 146,202</u></u>	<u><u>\$ 140,799</u></u>

**KOSU-FM RADIO STATION
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OKLAHOMA STATE UNIVERSITY
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NOTE 10 DISCLOSURES ABOUT FAIR VALUE OF ASSETS

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

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

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

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

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

Description	2024			
	Total	Level 1	Level 2	Level 3
Interest in Pooled Investment Fund of the Foundation	<u>\$ 146,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,202</u>

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

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NOTE 10 DISCLOSURES ABOUT FAIR VALUE OF ASSETS (CONTINUED)

Interest in Pooled Investments

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

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

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 12 LEASE OBLIGATIONS

KOSU leases land and facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2059 and provide for renewal options up to five years.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,083	\$ 12,304	\$ 32,387
2026	16,840	11,999	28,839
2027	17,656	11,679	29,335
2028	18,513	11,337	29,850
2029	19,411	10,973	30,384
2030 - 2034	124,213	48,275	172,487
2035 - 2039	147,042	34,451	181,494
2040 - 2044	102,979	25,336	128,315
2045 - 2049	117,794	19,831	137,625
2050 - 2054	144,930	13,340	158,270
2055 - 2059	176,613	5,387	182,000
Total	<u>\$ 906,075</u>	<u>\$ 204,911</u>	<u>\$ 1,110,986</u>

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NOTE 13 RISK MANAGEMENT

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

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

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

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

Self-Funded Programs

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

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JUNE 30, 2024 AND 2023**

NOTE 13 RISK MANAGEMENT (CONTINUED)

Self-Funded Programs (Continued)

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
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NOTE 14 RETIREMENT PLANS

The University's full-time academic and nonacademic personnel are covered by various retirement plans depending on their job classification and the employee's choices. The plans available to University personnel include a defined benefit plan, the Oklahoma Teachers' Retirement System (OTRS). Employees of KOSU, as OTRS members, are required to contribute to the plan at a rate established by the legislature of the State. For the years ended June 30, 2024, 2023, and 2022, the contribution rate for the system members of 7% is applied to their total compensation. The local employer contribution rate due from the University was 8.55% for the years ended June 30, 2024, 2023, and 2022. The University administratively pays these expenses for KOSU. These costs are included with other fringe benefits.

The State is also required to contribute to the OTRS on behalf of participating employers. For the years ended June 30, 2024, 2023, and 2022, the estimated amount contributed to the OTRS by the State on behalf of KOSU was approximately \$63,296, \$63,197, and \$46,479, respectively. These on-behalf payments have been recorded as both revenue and expense in the statement of revenues, expenses, and changes in net position.

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KOSU-FM Radio Station (KOSU), a Public Broadcasting Entity operated by Oklahoma State University, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the KOSU's basic financial statements, and have issued our report thereon dated January 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

KOSU's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the KOSU's response to the findings identified in our audit and described in the accompanying schedule of findings. KOSU's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

St. Louis, Missouri
January 10, 2025

**OKLAHOMA STATE UNIVERSITY – KOSU-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY
OKLAHOMA STATE UNIVERSITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

Section I – Financial Statement Findings

2024 – 001 Accounts Payable

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: During the audit process, the auditors noted that controls related to cutoff of accounts payable were not operating effectively. As a result, an audit adjusting entry was recorded to increase accounts payable, capital assets and expenses by approximately \$62,300, \$58,200, and \$4,100, respectively.

Criteria or specific requirement: KOSU must have controls in place to ensure that accounts payable and accruals are properly cutoff at year-end.

Effect: Lack of controls in place to ensure cutoff of accounts payable and accruals may result in the preparation of the financial statements that inaccurately reflect the financial position of KOSU.

Cause: KOSU's internal controls related to accounts payable and accruals were not operating effectively.

Repeat Finding: No

Recommendation: Management should oversee controls currently in place to ensure accounts payable and accruals are properly cutoff at year-end.

Views of responsible officials and planned corrective actions: Management agrees with the finding and will create new procedures to ensure proper cutoff at year-end.

**OKLAHOMA STATE UNIVERSITY – KOSU-FM RADIO STATION
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OKLAHOMA STATE UNIVERSITY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section I – Financial Statement Findings (Continued)

2024 – 002 Prior Period Adjustments

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: During the audit process, the auditors noted that a lease was omitted from the financial statements for the year ending June 30, 2023. As a result, a prior period adjustment was recorded to increase assets and liabilities by approximately \$147,000, and \$148,000, respectively, and decrease net position by approximately \$1,000.

Criteria or specific requirement: KOSU must have controls in place to ensure that leases are properly recognized and capitalized in the correct reporting period.

Effect: Lack of controls in place to ensure that leases are properly recognized and capitalized in the correct reporting period may result in the preparation of the financial statements that inaccurately reflect the financial position of KOSU.

Cause: KOSU's internal controls related to lease recognition were not designed effectively to ensure that leases are properly capitalized in the correct reporting.

Repeat Finding: No

Recommendation: Management should oversee controls currently in place to ensure leases are properly capitalized in the correct reporting period.

Views of responsible officials and planned corrective actions: Management agrees with the finding. While KOSU leases were included with the preparation of the OSU audit, management will ensure that KOSU leases are also reviewed separately for the KOSU audit

