



Financial Statements & Supplementary Information
for

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Years Ended June 30, 2023 and 2022
with Report of Independent Auditors

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Management's Discussion and Analysis (*unaudited*)

WMKY-FM (the Station) Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of the financial performance of the Station for the year ended June 30, 2023. Management has prepared this discussion, along with the financial statements and related footnotes, to provide summary financial information. This MD&A should be read in conjunction with the accompanying financial statements and footnotes.

Reporting Entity

WMKY, Morehead State Public Radio, is a component unit of Morehead State University (the University) and the Commonwealth of Kentucky.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These financial statements focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole.

One of the most important questions asked about Station finances is whether the Station is better off as a result of the year's activities. The information needed to answer this question is in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. GASB 35 requires University appropriations and gifts to be classified as non-operating revenues. Accordingly, the Station will generate a net operating loss prior to the addition of non-operating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

When evaluating financial viability of the Station, another important factor to consider is the ability to meet financial obligations as they occur. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing and capital financing activities.

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Management's Discussion and Analysis (*unaudited*), continued

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The Station's net position (the difference between assets and liabilities) is indicative of the Station's financial health. Over time, increases or decreases in net position can indicate improvement or erosion of the Station's financial health.

Statements of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets	\$418,366	\$480,795
Capital assets	76,872	89,039
Leased assets	<u>57,159</u>	<u>70,949</u>
Total Assets	<u>552,397</u>	<u>640,783</u>
<u>Liabilities</u>		
Leases payable	<u>57,159</u>	<u>70,949</u>
Total Liabilities	<u>57,159</u>	<u>70,949</u>
<u>Net Position</u>		
Net investment in capital assets	76,872	89,039
Unrestricted	211,829	231,989
Restricted – Expendable	<u>206,537</u>	<u>248,806</u>
Total Net Position	<u>\$495,238</u>	<u>\$569,834</u>

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Management's Discussion and Analysis (*unaudited*), continued

Financial Highlights

The financial statements indicate that the Station's financial condition remained stable on June 30, 2023.

- Total assets were \$552 thousand. Significant components of the assets include \$418 thousand in cash, \$77 thousand in capital assets, net of depreciation and \$57 thousand in leased assets, net of amortization.
- Operating revenues were \$196 thousand and operating expenses were \$623 thousand, resulting in an operating loss of approximately \$427 thousand.
- Net non-operating revenues of \$352 thousand were comprised primarily of appropriations from Morehead State University (the University).
- The combination of the net loss from operations and the net non-operating revenues resulted in a decrease in net position of \$75 thousand.

Assets

The Station's total assets as of June 30, 2023 were approximately \$552 thousand. On June 30, 2022, the total assets were approximately \$641 thousand. Cash of \$418 thousand is the Station's largest asset or approximately 76% of total assets at June 30, 2023. Investments in capital assets, net of depreciation, are the Station's next largest asset, totaling \$77 thousand or approximately 14% of total assets at June 30, 2023.

Net Position

Total net position decreased by approximately \$75 thousand during the year ended June 30, 2023.

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Management's Discussion and Analysis (*unaudited*), continued

Revenue

Total operating revenues were approximately \$196 thousand for the years ended June 30, 2023 and June 30, 2022. Sources of operating revenue for the Station are the Community Service Grant – Radio, of \$129 thousand or 66%, membership and subscriptions of \$35 thousand or 18%, underwriting of \$14 thousand or 6%, Federal work-study of \$9 thousand or 5%, and other revenue of \$9 thousand or 5%.

Expenses

Operating expenses for 2023 totaled approximately \$623 thousand versus \$628 thousand at June 30, 2022. Of this amount, approximately \$286 thousand or 46% was used for programming and production expense, \$163 thousand or 26% was used for broadcasting expenses, \$32 thousand or 5% was used for program information and promotions, \$95 thousand or 16% for management and general, \$20 thousand or 3% for fundraising and membership development, \$1 thousand or 0% for underwriting and grant solicitation, \$12 thousand or 2% for depreciation and \$14 thousand or 2% for amortization expense.

Cash Flows

The Statement of Cash Flows helps financial statement readers assess the Station's ability to generate future net cash flows, to meet obligations as they become due and the Station's need for external financing.

Major sources of funds for the Station include the Community Service Grant, membership fees and underwriting. The largest cash outlays for operating activities were made to employees for wages and benefits, \$301 thousand and to suppliers, \$164 thousand. The largest cash receipt in the noncapital financing activities group is the operating appropriation from Morehead State University of \$235 thousand. Cash used in capital financing activities was for expenditures related to the purchase of capital assets.

Capital Assets

Capital assets, net of accumulated depreciation, totaled approximately \$77 thousand at June 30, 2023 versus \$89 thousand at June 30, 2022. Depreciation expense for the year was \$12 thousand.

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Management's Discussion and Analysis (*unaudited*), continued

FACTORS IMPACTING FUTURE PERIODS

The Station is fairly well positioned for the immediate future. Management believes the Station's continued efforts to diversify revenue sources and increase membership and underwriting fees will strengthen its financial resources.

The Station's dependency upon the University and the Corporation for Public Broadcasting for a substantial part of its operating funds includes some degree of risk. Support from the Corporation for Public Broadcasting is tied directly to U.S. budgets and is subject to the actions of Congress. University funding is dependent upon funding from the Commonwealth of Kentucky and also subject to the actions of the governor and legislative entities.

The Station's management believes the current financial condition is strong enough to withstand pressures created by economic and funding uncertainties. Management also believes that increasing partnerships throughout the region will also increase the Station's financial standing.

Report of Independent Auditors

Members of the Board of Regents and
Dr. Joseph A. Morgan, President
Morehead State University
Morehead, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WMKY-FM Radio (the Station), a public telecommunications division of Morehead State University, which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenues, expenses and changes in net position and cash flow for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Station as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information contained on pages 20 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dean Dorton Allen Ford, PLLC

Dean Dorton Allen Ford, PLLC

Lexington, Kentucky
November 28, 2023

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Statements of Net Position

June 30, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 418,366	\$ 480,795
Capital assets, net	76,872	89,039
Leased assets, net	<u>57,159</u>	<u>70,949</u>
Total assets	<u>552,397</u>	<u>640,783</u>
 Liabilities and Net Position		
Current liabilities:		
Lease obligations, current portion	<u>13,790</u>	<u>14,671</u>
Total current liabilities	<u>13,790</u>	<u>14,671</u>
Long-term liabilities:		
Lease obligations, noncurrent portion	<u>43,369</u>	<u>56,278</u>
Total long-term liabilities	<u>43,369</u>	<u>56,278</u>
Total liabilities	<u>57,159</u>	<u>70,949</u>
Net position:		
Net investment in capital assets	76,872	89,039
Unrestricted	211,829	231,989
Restricted - expendable	<u>206,537</u>	<u>248,806</u>
Total net position	<u>\$ 495,238</u>	<u>\$ 569,834</u>

See accompanying notes.

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Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
CPB	\$ 129,325	\$ 128,489
Federal work study	9,184	9,375
Underwriting	13,849	11,110
Memberships and subscriptions	35,098	33,921
Other operating income	<u>8,507</u>	<u>12,795</u>
Total operating revenues	195,963	195,690
Operating expenses:		
Program services:		
Programming and production	285,961	332,400
Broadcasting	163,000	130,973
Program information and promotion	<u>31,863</u>	<u>31,215</u>
	480,824	494,588
Supporting services:		
Management and general	95,494	84,513
Fundraising and membership development	19,780	22,217
Underwriting and grant solicitation	559	547
Amortization	13,790	14,671
Depreciation	<u>12,167</u>	<u>11,558</u>
	141,790	133,506
Total operating expenses	622,614	628,094
Operating loss	(426,651)	(432,404)

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Statements of Revenues, Expenses, and Changes in Net Position, Continued

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Nonoperating revenues:		
General appropriation from MSU	235,239	241,006
Indirect administrative support	<u>116,816</u>	<u>112,921</u>
Net non-operating revenues	<u>352,055</u>	<u>353,927</u>
Decrease in net position	(74,596)	(78,477)
Net position, beginning of year	<u>569,834</u>	<u>648,311</u>
Net position, end of year	<u>\$ 495,238</u>	<u>\$ 569,834</u>

See accompanying notes.

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Statements of Cash Flows

Years ended June 30, 2023 and 2022

Cash flows from operating activities:	<u>2023</u>	<u>2022</u>
Gifts and contracts	\$ 129,325	\$ 128,489
Private gifts and contracts	51,842	50,011
Payments to suppliers	(164,122)	(171,163)
Payments for salaries and benefits	<u>(300,923)</u>	<u>(300,591)</u>
Net cash used in operating activities	<u>(283,878)</u>	<u>(293,254)</u>
Cash flows from noncapital financing activities:		
General appropriation from MSU	<u>235,239</u>	<u>241,006</u>
Cash flows from capital financing activities:		
Purchase of capital assets	-	(53,260)
Principal paid on leases	<u>(13,790)</u>	<u>(14,671)</u>
Net cash used in capital financing activities	<u>(13,790)</u>	<u>(67,931)</u>
Net (decrease) in cash	(62,429)	(120,179)
Cash, beginning of year	<u>480,795</u>	<u>600,974</u>
Cash, at end of year	<u>\$ 418,366</u>	<u>\$ 480,795</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (426,651)	\$ (432,404)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	12,167	11,558
Amortization	13,790	14,671
Expenses related to in-kind contributions from MSU	<u>116,816</u>	<u>112,921</u>
Net cash used in operating activities	<u>\$ (283,878)</u>	<u>\$ (293,254)</u>
Non-cash financing and investing activities:		
Lease asset additions	\$ -	\$ 50,177

See accompanying notes.

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Notes to the Financial Statements

1. Description of Organization

WMKY-FM (the Station) is a University sponsored radio station serving more than 20 counties in Kentucky, Ohio and West Virginia. The Station is a component unit of Morehead State University (University) and the Commonwealth of Kentucky. The financial records and activities of the Station are administered by Morehead State University and Morehead State University Foundation, Inc. (Foundation).

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, contributions are recognized as revenue when available (received).

These financial statements are prepared in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, and subsequent standards issued by GASB. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Net Investment in Capital Assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted:**
 - Nonexpendable** – Net position subject to externally imposed stipulations that they be maintained permanently by the Station.
 - Expendable** – Net position whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Net position whose use by the Station is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the Station's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

Revenue Recognition

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Station has received the funds from the grantor. Unrestricted pledges are reported as revenue when the pledged contributions are received.

In-Kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Donated personal services of volunteers are recorded as revenues and expenses in the accompanying statement of revenue, expenses and changes in net position at estimated fair value based upon standard valuation rates and job classifications developed by the Corporation for Public Broadcasting (CPB).

Capital Assets

Capital assets are recorded at cost for purchased assets and at fair value at date of donation in the case of gifts. Expenditures of greater than \$1,000 and computers at any cost are tagged and tracked for inventory purposes. Expenditures of \$5,000 or greater, which increase values or extend useful lives of the respective assets, are capitalized; whereas expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is calculated by the straight-line method over the estimated useful lives (based on industry standards) of the assets, which range from two to twenty years.

Functional Allocation of Expenses

The costs of providing the various activities have been summarized on a functional basis in the accompanying statement of revenue, expenses, and changes in net position. Accordingly, certain costs have been allocated among functional classifications based on total personnel costs or other reasonable basis.

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Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Indirect Administrative Support

Indirect administrative support from the University consists of allocated maintenance, institutional support, and certain other costs incurred by the University and allowable by CPB.

Operating Activities

The Station defines operating activities, as reported on the statement of revenues, expenses and changes in net position, as those that generally result from exchange transactions. Nearly all of the Station's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as appropriations from the University, are recorded as nonoperating revenues, in accordance with GASB No. 35.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures during the reporting period. Actual results could differ from the estimated amounts.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through November 28, 2023, the date that the financial statements were available to be issued.

3. Cash

At June 30, 2023 and 2022, the Station's bank balances were \$418,366 and \$480,795, respectively. These funds are reported as cash on the statement of net position. The Station maintains its cash balances in financial institutions, which at times, may exceed federally insured limits. The Station has not experienced any losses on such accounts. The Station believes it is not exposed to any significant credit risk related to its cash balances.

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Notes to the Financial Statements, continued

4. Capital & Lease Assets, Net

Capital assets as of June 30, 2023, are summarized as follows:

	Balance July 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2023</u>
Furniture and equipment	\$ 853,042	\$ -	\$ -	\$ 853,042
Less accumulated depreciation	<u>(764,003)</u>	<u>(12,167)</u>	<u>-</u>	<u>(776,170)</u>
Total capital assets, net	<u><u>\$ 89,039</u></u>	<u><u>\$ (12,167)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76,872</u></u>

Lease assets as of June 30, 2023, are summarized as follows:

	Balance July 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2023</u>
Leased Assets	\$ 94,481	\$ -	\$ -	\$ 94,481
Less accumulated amortization	<u>(23,532)</u>	<u>(13,790)</u>	<u>-</u>	<u>(37,322)</u>
Total capital assets, net	<u><u>\$ 70,949</u></u>	<u><u>\$ (13,790)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 57,159</u></u>

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Notes to the Financial Statements, continued

4. Capital & Lease Assets, Net, continued

Capital assets as of June 30, 2022, are summarized as follows:

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2022</u>
Furniture and equipment	\$ 799,782	\$ 53,260	\$ -	\$ 853,042
Less accumulated depreciation	<u>(752,445)</u>	<u>(11,558)</u>	<u>-</u>	<u>(764,003)</u>
Total capital assets, net	<u>\$ 47,337</u>	<u>\$ 41,702</u>	<u>\$ -</u>	<u>\$ 89,039</u>

Lease assets as of June 30, 2022, are summarized as follows:

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2022</u>
Leased Assets	\$ 44,304	\$ 50,177	\$ -	\$ 94,481
Less accumulated amortization	<u>(8,861)</u>	<u>(14,671)</u>	<u>-</u>	<u>(23,532)</u>
Total capital assets, net	<u>\$ 35,443</u>	<u>\$ 35,506</u>	<u>\$ -</u>	<u>\$ 70,949</u>

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Notes to the Financial Statements, continued

5. Long Term Liabilities

Long-term liabilities at June 30, 2023, are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
GASB 87 Leases	\$ 70,949	\$ -	\$ 13,790	\$ 57,159	\$ 13,790	\$ 43,369

Long-term liabilities at June 30, 2022, are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
GASB 87 Leases	35,443	\$ 50,177	\$ 14,671	\$ 70,949	\$ 14,671	\$ 56,278

6. Pension & OPEB Plan

All regular employees of the Station participate in the Kentucky Teacher's Retirement System (TRS). Participants are fully vested after five years of service. For the year ended June 30, 2023, eligible Station employees who began before January 1, 2022 contributed 8.185% of their salary through payroll deductions and the Commonwealth of Kentucky, indirectly contributed 15.865% of currently eligible employees' salaries to the TRS through appropriations to the University. Employees participating in TRS on or after January 1, 2022, contributed 9.775% of their salary which was matched by the University at 9.775%. For the years ended June 30, 2023 and 2022, the Station's contributions to TRS were \$23,018 and \$23,473, respectively.

In addition to the pension benefits, Kentucky revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. In order to fund the post-retirement healthcare benefit, 5.55% of the gross annual payroll is contributed for members who began before January 1, 2022, with 2.775% paid by member contributions that are matched by the employer. For members who began on or after January 1, 2022, 4.775% of the gross annual payroll is contributed for members, with 2.775% paid by member contributions and 2% matched by the employer.

Effective July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* recording its share of TRS' unfunded liability on the University's 2019 statement of net position. Effective July 1, 2017, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* (Statement 75). Statement 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for

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Notes to the Financial Statements, continued

6. Pension & OPEB Plan, continued

OPEB recording its share of TRS' unfunded liability on the University's 2019 statement of net position. These liability amounts include the employees of the Station as the University views the Station's employees as their employees. Also, the University's funding of the Station is largely to offset the costs of the employees to the Station. As such, the Station and the University have chosen to house any pension and OPEB liabilities for the Station's employees on the University's statements of net position.

TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

7. Related Party Transactions

Indirect administrative support of \$116,816 and \$112,921 was provided by the University during 2023 and 2022, respectively. This includes the use of a building, as well as donated maintenance and service related to the space. Donated services and facilities was \$15,709 for both 2023 and 2022.

The Foundation receives and maintains all contributions on behalf of the Station. The Station's expenses are paid through the Foundation.

8. Commitments and Contingencies

The Station receives financial assistance from the CPB in the form of grants. The receipt of funds received from the CPB requires compliance with terms and conditions, including that the Station be noncommercial, educational in nature, and provide significant service to the community of license. The Station is currently in compliance with all CPB requirements.

The Station is regulated by the Federal Communications Commission (FCC), and must be in compliance with the FCC's licensing requirements for radio stations that are noncommercial, educational broadcast facilities. The Station currently has a continuing license issued by the FCC.

9. Concentration of Revenue

The Station has a concentration of revenue due to receiving the majority of its operating revenue from grants through the CPB. Revenue from the CPB totaled approximately 66% and 65% of total operating revenues during 2023 and 2022, respectively.

SUPPLEMENTARY INFORMATION

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Schedule of General Appropriations from Morehead State University

Year ended June 30, 2023

Unrestricted contributions (University)

University other support	\$ 11,615
University salaries and fringe benefits	<u>223,624</u>
Total unrestricted contributions	<u>\$ 235,239</u>

See report of independent auditors.

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Schedule of Restricted Contributions

Year ended June 30, 2023

Restricted contributions

Federal workstudy	<u>\$ 9,184</u>
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Total restricted contributions	<u>\$ 9,184</u>
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See report of independent auditors.

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Schedule of Other Contributions and Revenue

Year ended June 30, 2023

Other contributions and revenue

Memberships and subscriptions	\$ 35,098
Other income	8,507
Underwriting	<u>13,849</u>
 Total other contributions and revenue	 <u>\$ 57,454</u>

See report of independent auditors.

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Schedule of Revenue Reconciliation

Year ended June 30, 2023

Revenue reconciliation

Revenue per CPB Annual Report	\$ 431,202
Indirect administrative support (including occupancy)	<u>116,816</u>
Total per financial report	548,018
Total operating and nonoperating revenue per financial statements	<u>\$ 548,018</u>

See report of independent auditors.

MOREHEAD STATE UNIVERSITY
WMKY-FM

Schedule of Expense Reconciliation

Year ended June 30, 2023

Expense reconciliation

Per CPB Annual Report	\$ 622,614
Less: capital equipment	<u>-</u>
Total expenses per financial statements	<u>\$ 622,614</u>

See report of independent auditors.

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Calculation of Indirect Administrative Support

Year ended June 30, 2023

Licensee Indirect Costs

Institutional Support	\$ 14,094,610
Physical Plant Support	
	<u>13,163,342</u>

Total Licensee Indirect Costs

27,257,952

Licensee Direct Costs

Total Operating expenses	151,647,114
Less: Institutional Support	14,094,610
Less: Physical Plant Support (Please enter this amount whether or not the station benefits from Physical Plan Support)	13,163,342

Licensee's Direct Costs = (Total operating expenses minus both institutional support and physical plant support)

124,389,162

Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)

21.913446124832%

Station's Total Operating Expenses

622,614

Less: Total Depreciation and amortization-per AFS (if applicable)	25,957
Less: In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	5,612
Less: Indirect administrative support (if included in station's total expenses)-per AFS	116,816
Less: Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	-
Less: Expenses not supported by licensee-per AFS – example, expenses of consolidated entities like Friends' Group, foundations, and component units. (if applicable)	12,837

Station Net Direct Expenses

461,392

Apply the Rate to the Base

101,107

Occupancy Value (if applicable)

15,709

**Deductions- Fees Paid to the Licensee (if applicable)
Calculated IAS***

\$ 116,816

See report of independent auditors.

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Allocation of Indirect Administrative Support

Year ended June 30, 2023

	<u>Total</u>	<u>Programming and Production</u>	<u>Broad- casting</u>	<u>Program Information and Promotion</u>	<u>Management and General</u>	<u>Fundraising and Membership Development</u>	<u>Underwriting and Grant Solicitation</u>
Unrestricted Expenses (Non-Grant)	\$322,037	\$ 147,193	\$ 65,924	\$ 23,207	\$ 70,900	\$ 14,406	\$ 407
Percentage of total per functional area	100.000%	47.0000%	21.0500%	7.4100%	19.8100%	4.6000%	0.1300%
Allocation based on % of operating cost per functional area*	<u>\$ 116,816</u>	<u>\$ 54,904</u>	<u>\$ 24,590</u>	<u>\$ 8,656</u>	<u>\$ 23,141</u>	<u>\$ 5,373</u>	<u>\$ 152</u>

*Includes occupancy.

See report of independent auditors.

MOREHEAD STATE UNIVERSITY
WMKY-FM
Schedule of Functional Expenses
Year ended June 30, 2023

	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Amortization	Depreciation	Total
Unrestricted									
University salaries and wages	\$ 100,512	\$ 45,016	\$ 15,847	\$ 42,365	\$ 9,837	\$ 278	\$ -	\$ -	\$ 213,855
University fringe benefits	32,399	14,511	5,108	13,656	3,171	89	-	-	68,934
University other expenses	8,096	3,627	1,276	3,412	793	23	-	-	17,227
Indirect (including occupancy)	54,904	24,590	8,656	23,141	5,373	152	-	-	116,816
MSU Foundation	1,869	837	295	9,648	183	5	-	-	12,837
CPB 20/22	3,607	1,703	-	285	-	-	-	-	5,595
CPB 21/23 Rescue		26,262	-	336	-	-	-	-	26,598
CPB 21/23	48,026	34,209	-	833	-	-	-	-	83,068
CPB 22/24	-	2,629	-	-	-	-	-	-	2,629
Total Unrestricted	<u>\$ 249,413</u>	<u>\$ 153,384</u>	<u>\$ 31,182</u>	<u>\$ 93,676</u>	<u>\$ 19,357</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547,559</u>
Restricted									
CPB 21/23	19,944	7,683	-	-	-	-	-	-	27,627
CPB 22/24	12,287	-	-	-	-	-	-	-	12,287
Federal workstudy	<u>4,317</u>	<u>1,933</u>	<u>681</u>	<u>1,818</u>	<u>423</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>9,184</u>
Total Restricted	<u>36,548</u>	<u>9,616</u>	<u>681</u>	<u>1,818</u>	<u>423</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>49,098</u>
Depreciation									
Unrestricted	-	-	-	-	-	-	-	4,232	4,232
Restricted	-	-	-	-	-	-	-	7,935	7,935
Amortization	-	-	-	-	-	-	13,790	-	13,790
Total Depreciation and Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,790</u>	<u>12,167</u>	<u>25,957</u>
Total Expenses	<u>\$ 285,961</u>	<u>\$ 163,000</u>	<u>\$ 31,863</u>	<u>\$ 95,494</u>	<u>\$ 19,780</u>	<u>\$ 559</u>	<u>\$ 13,790</u>	<u>\$ 12,167</u>	<u>\$ 622,614</u>

See report of independent auditors.