

Cameron University – KCCU-FM

Independent Auditor’s Reports and Financial Statements

June 30, 2022 and 2021



Cameron University – KCCU-FM

June 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2022 and 2021 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in *Note 1*, the accompanying financial statements of the Station are intended to present the financial position, changes in financial position, and cash flows of only the activities of the Station. They do not purport to, and do not, present fairly the financial position of Cameron University as of June 30, 2022 and 2021 and the changes in financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

FORVIS,LLP

Tulsa, Oklahoma
January 12, 2023

Cameron University – KCCU-FM

Management’s Discussion and Analysis

June 30, 2022 and 2021

Introduction

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

In fiscal year 2022, the staff of the Station included five full-time employees. The Station provides in-house educational support to University communications students in broadcast internships. The Station also provides studio facilities in support of State Impact Oklahoma on an as-needed basis. State Impact Oklahoma is a collaborative effort of public broadcasters in the state.

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

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

Overview of the Financial Statements and Financial Analysis

Within this section of the Station’s annual financial report, the Station’s management provides a narrative discussion and analysis of the financial activities of the Station for the fiscal years ended June 30, 2022 and 2021. The Station’s financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section, with amounts from the financial statements rounded to the nearest thousand.

Since this management’s discussion and analysis is designed to focus on current activities, resulting change, and current known facts, it should be read in conjunction with the Station’s basic financial statements and related notes. The overview of the financial statements and financial analysis is presented for fiscal year 2022 with fiscal years’ 2021 and 2020 data presented for comparative purposes.

Financial Analysis of the Station as a Whole

The basic financial statements of the Station include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The statement of net position presents the financial position of the Station as of June 30, 2022 and 2021. The statement of

revenues, expenses, and changes in net position summarizes the Station’s financial activity for the years ended June 30, 2022 and 2021. The statement of cash flows, presented using the direct method, reflects the effects on cash that result from the Station’s operating, noncapital financing, investing, and capital and related financing activities for the years ended June 30, 2022 and 2021.

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

Statement of Net Position

This statement is presented with three major categories, namely assets, liabilities, and net position. The assets are classified among current, capital, and other assets. The current assets include funds held for the benefit of the Station. These assets had a decrease of approximately \$68,000. This decrease is partly due to the American Rescue Grant received in 2021. Capital assets include equipment shown net of depreciation. Current liabilities include accounts payable, deferred revenue, and accrued expenses. These liabilities represent obligations due within one year. Total net position decreased to approximately \$0 in 2022 from \$72,000 in 2021 and \$38,000 in 2020.

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

	2022	2021	2020
Assets			
Current assets	\$ 22,000	\$ 90,000	\$ 56,000
Capital assets, net of accumulated depreciation	<u>-</u>	<u>1,000</u>	<u>9,000</u>
Total assets	22,000	91,000	65,000
Liabilities			
Current liabilities	<u>22,000</u>	<u>19,000</u>	<u>27,000</u>
Net Position	<u><u>\$ -</u></u>	<u><u>\$ 72,000</u></u>	<u><u>\$ 38,000</u></u>

In 2022, the Station had no additions to capital equipment. Depreciation amounted to approximately \$1,000.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 222,000	\$ 216,000	\$ 226,000
Operating expenses	<u>756,000</u>	<u>703,000</u>	<u>684,000</u>
Operating loss	(534,000)	(487,000)	(458,000)
Nonoperating revenues	<u>462,000</u>	<u>521,000</u>	<u>452,000</u>
Increase (decrease) in net position	(72,000)	34,000	(6,000)
Net position, beginning of year	<u>72,000</u>	<u>38,000</u>	<u>44,000</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 72,000</u>	<u>\$ 38,000</u>

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

Operating revenues increased approximately \$6,000 partly due to an increase in the grant from the CPB.

Operating expenses decreased approximately \$53,000 due to a reduction in full-time employees.

Statement of Cash Flows

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Cash Provided by (Used in)			
Operating activities	\$ (359,000)	\$ (411,000)	\$ (416,000)
Noncapital financing activities	288,000	441,000	378,000
Capital and related financing activities	-	7,000	-
Investing activities	<u>1,000</u>	<u>20,000</u>	<u>57,000</u>
Increase (Decrease) in Cash	(70,000)	57,000	19,000
Cash, Beginning of Year	<u>79,000</u>	<u>22,000</u>	<u>3,000</u>
Cash, End of Year	<u>\$ 9,000</u>	<u>\$ 79,000</u>	<u>\$ 22,000</u>

Economic Outlook

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

Cameron University – KCCU-FM
Statements of Net Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	\$ 9,337	\$ 79,305
Accounts receivable	2,547	1,616
Prepaid expenses	8,103	5,774
Funds held for the benefit of the Station	2,352	3,823
Total current assets	22,339	90,518
Capital Assets, Net		
	-	918
Total assets	22,339	91,436
Liabilities		
Current Liabilities		
Accounts payable	2,391	2,163
Deferred revenue	6,094	2,278
Accrued expenses	14,148	15,031
Total current liabilities	22,633	19,472
Net Position		
Net investment in capital assets	-	918
Restricted	4,301	2,281
Unrestricted	(4,595)	68,765
Total net position	\$ (294)	\$ 71,964

Cameron University – KCCU-FM
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues		
Public broadcasting grants	\$ 87,681	\$ 84,878
Underwriting	60,915	57,595
In-kind underwriting	10,175	10,175
Donations	63,546	63,190
Total operating revenues	222,317	215,838
Operating Expenses		
Salaries and benefits	309,667	370,273
Memberships	60,142	75,558
Travel	-	2,144
Legal, professional, and technical	56,676	10,896
Donated facilities and indirect administrative support	162,928	60,796
Telephone	3,226	2,204
Postage and freight	990	1,016
Repairs	3,849	26,606
Advertising	305	405
Utilities	27,940	23,856
Rent	8,303	8,257
Licensing fees	91,492	85,015
Expendable equipment	2,417	3,927
Depreciation	918	918
Other	27,694	31,043
Total operating expenses	756,547	702,914
Operating Loss	(534,230)	(487,076)
Nonoperating Revenues		
General university appropriations	288,321	307,315
Donated facilities and indirect administrative support	162,928	60,796
On-behalf payments for OTRS	10,723	18,515
CPB Stabilization Grant	-	134,192
Total nonoperating revenues	461,972	520,818
Change in Net Position	(72,258)	33,742
Net Position, Beginning of Year	71,964	38,222
Net Position, End of Year	\$ (294)	\$ 71,964

Cameron University – KCCU-FM
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Cash received from donations, grant underwriting, and other receipts	\$ 225,201	\$ 215,838
Cash paid to employees	(299,828)	(372,829)
Cash paid to suppliers	(285,133)	(254,507)
	<u>(359,760)</u>	<u>(411,498)</u>
Noncapital Financing Activities		
Cash received from university appropriations	288,321	307,315
CPB Stabilization Grant	-	134,192
	<u>288,321</u>	<u>441,507</u>
Capital and Related Financing Activities		
Proceeds from sale of capital assets	-	6,881
	<u>-</u>	<u>6,881</u>
Investing Activities		
Change in funds held for the benefit of the Station	1,471	20,067
	<u>1,471</u>	<u>20,067</u>
Increase (Decrease) in Cash	(69,968)	56,957
Cash, Beginning of Year	<u>79,305</u>	<u>22,348</u>
Cash, End of Year	<u>\$ 9,337</u>	<u>\$ 79,305</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (534,230)	\$ (487,076)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	918	918
Donated facilities and indirect administrative support	162,928	60,796
On-behalf contributions from OTRS	10,723	18,515
Changes in operating assets and liabilities		
Accounts receivable	(931)	49
Prepaid expenses	(2,329)	2,314
Deferred revenue	3,816	(1,684)
Accounts payable	228	208
Accrued expenses	(883)	(5,538)
	<u>\$ (359,760)</u>	<u>\$ (411,498)</u>

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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

Financial Statement Presentation

The Station's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The Station is required to present a statement of net position classified between current and noncurrent assets and liabilities and deferred outflows and inflows; a statement of revenues, expenses, and changes in net position with separate presentation for operating and nonoperating revenues and expenses; and a statement of cash flows using the direct method.

The Station is a department of the University. These financial statements do not purport to, and do not, present fairly the financial position of the University as of June 30, 2022 and 2021, and the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

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

Cash and Cash Equivalents

The Station considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Station held no cash equivalents at June 30, 2022 or 2021.

Capital Assets

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

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Use of Estimates

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

Compensated Absences

Employees' compensated absences are accrued when earned and amount to \$13,564 and \$15,031 as of June 30, 2022 and 2021, respectively. The obligation and expenditure incurred during the year are recorded as accrued expenses in the accompanying statements of net position and as an operating expense in the accompanying statements of revenues, expenses, and changes in net position.

Deferred Revenue

Deferred revenue as of June 30, 2022 and 2021 consists of \$6,094 and \$2,278, respectively, in underwriting revenues related to amounts received by the Station that have not been earned.

Income Taxes

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

Programming

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

In-Kind Contributions

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

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Operating Revenues and Expenses

The Station distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Station's principal ongoing operations. The principal operating revenues of the Station are grants for public broadcasting entities, including grants to enhance the quality of programming and expand the scope of public broadcasting services, as well as revenues received from grant underwriting and donations. However, some grants, like the CPB Stabilization Grant, are considered nonoperating as they are unique, one-time funding related to the CARES Act.

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

Revenue Recognition

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

Net Position

The Station's net position is classified as follows:

Net Investment in Capital Assets – This represents the Station's total investment in capital assets, net of accumulated depreciation and related deferred outflows of resources, reduced by 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 – Restricted net position represents resources in which the Station is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

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

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Donated Facilities and Indirect Administrative Support

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

Indirect administrative support includes allocable portions of institutional support, physical plant operations, and library costs. The amount of university expenditures attributable to the Station is allocated based upon suggested formats of the CPB. For the years ended June 30, 2022 and 2021, the allocation methods were as follows:

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

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the Station that is applicable to a future reporting period. At June 30, 2022 and 2021, the Station had no deferred outflows of resources.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the Station that is applicable to a future reporting period. At June 30, 2022 and 2021, the Station had no deferred inflows of resources.

New Accounting Pronouncements Adopted in Fiscal Year 2022

GASB Statement No. 87, *Leases*, was issued in June 2017 and improves accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. A portion of this standard provides additional information on interpreting and applying GASB 87 by clarifying the definition of a lease term and further explaining what is included and excluded in the term. GASB 99 also provides additional guidance on short-term leases, variable payments, and lease incentives.

The Station adopted GASB 87 and portions of GASB 99 effective July 1, 2021. The result of adoption had no material impact on the Station’s financial statements.

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Revisions

Certain revisions have been made to the 2021 financial statements to conform to 2022 financial statement presentation. Revisions include adjustments to the statements of net position of \$66,237 related to the presentation of cash versus funds held for the benefit of others and to the statement of cash flows for the same revision. Other immaterial revisions were made to the classifications of net position and the reconciliation on the statement of cash flows. In addition, a revision has been made to the 2021 university contributions to the Oklahoma Teachers' Retirement System (the OTRS) for the Station's employees' amount as disclosed in *Note 5*. These revisions did not have any impact on previously reported change in net position.

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

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

The state treasurer requires that all state funds are either insured by federal deposit insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The University's deposits with the state treasurer are pooled with funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the state treasurer may determine in the state's name.

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

Funds held for the benefit of the Station are pooled within the net assets of Cameron University Foundation, Inc. (the Foundation). The Foundation is a private foundation organized for the purpose of receiving and administering gifts intended for the benefit of the University. At June 30, 2022 and 2021, the Foundation maintained cash balances on behalf of the Station totaling \$2,352 and \$3,823, respectively.

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Note 3: Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
2022				
Equipment	\$ 539,883	\$ -	\$ -	\$ 539,883
Less accumulated depreciation	<u>(538,965)</u>	<u>(918)</u>	<u>-</u>	<u>(539,883)</u>
Capital assets, net	<u>\$ 918</u>	<u>\$ (918)</u>	<u>\$ -</u>	<u>\$ -</u>
2021				
Equipment	\$ 596,908	\$ -	\$ (57,025)	\$ 539,883
Less accumulated depreciation	<u>(588,191)</u>	<u>(918)</u>	<u>50,144</u>	<u>(538,965)</u>
Capital assets, net	<u>\$ 8,717</u>	<u>\$ (918)</u>	<u>\$ (6,881)</u>	<u>\$ 918</u>

Note 4: Related-Party Transactions

The Station received facility and indirect administrative support from the University of \$162,928 and \$60,796 for 2022 and 2021, respectively. The Station also received direct appropriations from the University for general operations of \$288,321 and \$307,315 in 2022 and 2021, respectively.

Note 5: Retirement Programs

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

Oklahoma Teachers' Retirement System

Plan Description

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

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

53524, Oklahoma City, OK 73152, by calling 405.521.2387, or at the OTRS website at www.trs.state.ok.us.

Funding Policy

The University is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 8.55% for 2022 and 2021 is applied to annual compensation and is determined by state statute.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2022 and 2021. The University contributes the required amounts for participating members.

The University's contributions to the OTRS for the Station's employees for the years ended June 30, 2022 and 2021 were approximately \$34,800 and \$48,200, respectively, equal to the required contributions for each year. These contributions included the University's statutory contribution and the share of the employee's contribution paid directly by the University.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2022 and 2021, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual taxes to the OTRS on behalf of participating employers. The University has estimated the amounts contributed to the OTRS by the State of Oklahoma on its behalf by multiplying the ratio of the Station's covered salaries to total covered salaries for the OTRS for the year by the applicable percentage of taxes collected during the year. For the years ended June 30, 2022 and 2021, the total amounts contributed to the OTRS by the State of Oklahoma on behalf of the Station were \$10,723 and \$18,515, respectively. These on-behalf payments have been recorded as nonoperating revenues and operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

Note 6: Functional Expense Classification

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

	<u>2022</u>	<u>2021</u>
Program services		
Programming and production	\$ 292,350	\$ 281,851
Broadcasting	119,961	111,143
Support services		
Management and general	212,155	191,078
Fundraising	<u>132,081</u>	<u>118,842</u>
Total	<u>\$ 756,547</u>	<u>\$ 702,914</u>

Cameron University – KCCU-FM

Notes to Financial Statements

June 30, 2022 and 2021

Note 7: Grants

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

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

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

For the years ended June 30, 2022 and 2021, the Station received \$87,681 and \$219,070, respectively, in grant revenue in relation to CSGs.

Note 8: Risk Management

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

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

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

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of KCCU-FM (the Station), a department of Cameron University (the University), which comprise the Station's statement of financial position as of June 30, 2022 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 12, 2023, which contained an "Emphasis of Matter" paragraph regarding the reporting entity.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORVIS, LLP

Tulsa, Oklahoma
January 12, 2023