



Financial Statements & Supplementary Information

for

**MOREHEAD STATE UNIVERSITY**  
**WMKY-FM**

Years Ended June 30, 2022 and 2021  
with Report of Independent Auditors

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MOREHEAD STATE UNIVERSITY  
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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, 2022. 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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WMKY-FM

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Current assets	\$480,795	\$600,974
Capital assets	89,039	47,337
Leased assets	<u>70,949</u>	<u>35,443</u>
Total Assets	<u>640,783</u>	<u>683,754</u>
<b><u>Liabilities</u></b>		
Leases payable	<u>70,949</u>	<u>35,443</u>
Total Liabilities	70,949	35,443
<b><u>Net Position</u></b>		
Net investment in capital assets	89,039	47,337
Unrestricted	231,989	232,114
Restricted – Expendable	<u>248,806</u>	<u>368,860</u>
<b>Total Net Position</b>	<b><u>\$569,834</u></b>	<b><u>\$648,311</u></b>

MOREHEAD STATE UNIVERSITY  
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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, 2022.

- Total assets were \$641 thousand. Significant components of the assets include \$481 thousand in cash, \$89 thousand in capital assets, net of depreciation and \$71 thousand in leased assets, net of amortization.
- Operating revenues were \$196 thousand and operating expenses were \$628 thousand, resulting in an operating loss of approximately \$432 thousand.
- Net non-operating revenues of \$354 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 \$78 thousand.

**Assets**

The Station's total assets as of June 30, 2022 were approximately \$641 thousand. On June 30, 2021, the total assets were approximately \$684 thousand. Cash of \$481 thousand is the Station's largest asset or approximately 75% of total assets at June 30, 2022. Investments in capital assets, net of depreciation, are the Station's next largest asset, totaling \$89 thousand or approximately 14% of total assets at June 30, 2022.

**Net Position**

Total net position decreased by approximately \$78 thousand during the year ended June 30, 2022.

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

Revenue

Total operating revenues were approximately \$196 thousand for the year ended June 30, 2022. The total for June 30, 2021 was \$352 thousand. Sources of operating revenue for the Station are the Community Service Grant – Radio, of \$129 thousand or 65%, membership and subscriptions of \$34 thousand or 17%, underwriting of \$11 thousand or 6%, Federal work-study of \$9 thousand or 5%, and other revenue of \$13 thousand or 7%.

Total 2022 operating revenues decreased approximately \$156 thousand compared to 2021.

Expenses

Operating expenses for the year totaled approximately \$628 thousand versus \$558 thousand at June 30, 2021. Of this amount, approximately \$332 thousand or 53% was used for programming and production expense, \$131 thousand or 21% was used for broadcasting expenses, \$31 thousand or 5% was used for program information and promotions, \$85 thousand or 13% for management and general, \$22 thousand or 4% for fundraising and membership development, \$1 thousand or 0% for underwriting and grant solicitation, \$12 thousand or 2% for depreciation and \$15 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, \$171 thousand. The largest cash receipt in the noncapital financing activities group is the operating appropriation from Morehead State University of \$241 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 \$89 thousand at June 30, 2022 versus \$47 thousand at June 30, 2021. Depreciation expense for the year ended June 30, 2022 was \$12 thousand.

MOREHEAD STATE UNIVERSITY  
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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.

During March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future.

The extent to which COVID-19 continues to impact the Station will depend on future developments, which are highly uncertain and cannot be predicted. As a result, the Station has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2023



## **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, 2022 and 2021, 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, 2022 and 2021, 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 21 through 28 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, 2022

**MOREHEAD STATE UNIVERSITY  
WMKY-FM**

Statements of Net Position

June 30, 2022 and 2021

<b>Assets</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Current assets:		
Cash	\$ 480,795	\$ 600,974
Capital assets, net	89,039	47,337
Leased assets, net	<u>70,949</u>	<u>35,443</u>
Total assets	<u>640,783</u>	<u>683,754</u>
 <b>Liabilities and Net Position</b>		
Current liabilities:		
Lease obligations, current portion	<u>14,671</u>	<u>8,861</u>
Total current liabilities	<u>14,671</u>	<u>8,861</u>
Long-term liabilities:		
Lease obligations, noncurrent portion	<u>56,278</u>	<u>26,582</u>
Total long-term liabilities	<u>56,278</u>	<u>26,582</u>
Total liabilities	<u>70,949</u>	<u>35,443</u>
 Net position:		
Net investment in capital assets	89,039	47,337
Unrestricted	231,989	232,114
Restricted - expendable	<u>248,806</u>	<u>368,860</u>
Total net position	<u>\$ 569,834</u>	<u>\$ 648,311</u>

See accompanying notes.

**MOREHEAD STATE UNIVERSITY**  
**WMKY-FM**

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
CPB	\$ 128,489	\$ 316,976
Federal work study	9,375	6,916
Underwriting	11,110	4,894
Memberships and subscriptions	33,921	14,383
Other operating income	<u>12,795</u>	<u>9,292</u>
Total operating revenues	<b>195,690</b>	352,461
Operating expenses:		
Program services:		
Programming and production	332,400	276,552
Broadcasting	130,973	132,474
Program information and promotion	<u>31,215</u>	<u>30,297</u>
	<b>494,588</b>	439,323
Supporting services:		
Management and general	84,513	83,346
Fundraising and membership development	22,217	18,808
Underwriting and grant solicitation	547	531
Amortization	14,671	8,861
Depreciation	<u>11,558</u>	<u>6,838</u>
	<b>133,506</b>	118,384
Total operating expenses	<b>628,094</b>	557,707
Operating loss	<b>(432,404)</b>	(205,246)

**MOREHEAD STATE UNIVERSITY  
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Statements of Revenues, Expenses, and Changes in Net Position, continued

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Nonoperating revenues:		
General appropriation from MSU	241,006	215,222
Indirect administrative support	<u>112,921</u>	<u>142,230</u>
Net non-operating revenues	<u>353,927</u>	<u>357,452</u>
(Decrease) Increase in net position	(78,477)	152,206
Net position, beginning of year	<u>648,311</u>	<u>496,105</u>
Net position, end of year	<u>\$ 569,834</u>	<u>\$ 648,311</u>

*See accompanying notes.*

**MOREHEAD STATE UNIVERSITY  
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Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Gifts and contracts	\$ 128,489	\$ 316,976
Private gifts and contracts	50,011	22,951
Payments to suppliers	(171,163)	(117,899)
Payments for salaries and benefits	(300,591)	(269,345)
Net cash used in operating activities	<u>(293,254)</u>	<u>(47,317)</u>
<b>Cash flows from noncapital financing activities:</b>		
General appropriation from MSU	<u>241,006</u>	<u>215,222</u>
<b>Cash flows from capital financing activities:</b>		
Purchase of capital assets	(53,260)	-
Principal paid on leases	(14,671)	(8,861)
Net cash used in capital financing activities	<u>(67,931)</u>	<u>(8,861)</u>
 Net (decrease) increase in cash	 (120,179)	 159,044
Cash, beginning of year	600,974	441,930
Cash, at end of year	<u>\$ 480,795</u>	<u>\$ 600,974</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (432,404)	\$ (205,246)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	11,558	6,838
Amortization	14,671	8,861
Expenses related to in-kind contributions from MSU	112,921	142,230
Net cash used in operating activities	<u>\$ (293,254)</u>	<u>\$ (47,317)</u>
<b>Non-cash financing and investing activities:</b>		
Lease asset additions	\$ 50,177	\$ 44,304

See accompanying notes.

**MOREHEAD STATE UNIVERSITY  
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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.

**MOREHEAD STATE UNIVERSITY  
WMKY-FM**

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.



**MOREHEAD STATE UNIVERSITY  
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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 statements 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.

Reclassification

Certain 2021 amounts have been reclassified to conform with current year presentation with no effect on total net position or change in net position.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through November 28, 2022, the date that the financial statements were available to be issued.

**MOREHEAD STATE UNIVERSITY  
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Notes to the Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

Recent Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of this statement is to address government lessee's recognition of lease liabilities, intangible assets, and report amortization expense for using the lease; interest expense on the lease liability; and note disclosures about the lease. Another objective of this statement is to address government lessor's recognition of a lease receivable, deferred inflow, and report lease revenue, interest income, and note disclosures about the lease. In May 2020, GASB issued Statement No. 95, which deferred the effective date of Statement 87. The University adopted GASB 87 using the retrospective approach effective July 1, 2020. There was no impact on net position for the adoption of GASB 87.

**3. Cash**

At June 30, 2022 and 2021, the Station's bank balances were \$480,795 and \$600,974, respectively. These funds are reported as cash on the statements 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.

**4. Capital and Lease Assets**

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

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2022</b>
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>

**MOREHEAD STATE UNIVERSITY  
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Notes to the Financial Statements, continued

**4. Capital and Lease Assets, continued**

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

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>
Lease 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 lease assets, net	<u>\$ 35,443</u>	<u>\$ 35,506</u>	<u>\$ -</u>	<u>\$ 70,949</u>

Capital assets as of June 30, 2021, are summarized as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>
Furniture and equipment	\$ 799,782	\$ -	\$ -	\$ 799,782
Less accumulated depreciation	<u>(745,607)</u>	<u>(6,838)</u>	<u>-</u>	<u>(752,445)</u>
Total capital assets, net	<u>\$ 54,175</u>	<u>\$ (6,838)</u>	<u>\$ -</u>	<u>\$ 47,337</u>

Lease assets as of June 30, 2021, are summarized as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>
Lease Assets	\$ -	\$ 44,304	\$ -	\$ 44,304
Less accumulated amortization	<u>-</u>	<u>(8,861)</u>	<u>-</u>	<u>(8,861)</u>
Total lease assets, net	<u>\$ -</u>	<u>\$ 35,443</u>	<u>\$ -</u>	<u>\$ 35,443</u>

**MOREHEAD STATE UNIVERSITY  
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Notes to the Financial Statements, continued

**5. Long-term Liabilities**

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

Long-term liabilities at June 30, 2021, 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	-	\$ 44,304	\$ 8,861	\$ 35,443	\$ 8,861	\$ 26,582

The following is a schedule by years of future minimum payments required for the capital lease obligations as of June 30, 2022:

Year ending June 30,	
2023	\$ 15,410
2024	15,410
2025	15,410
2026	5,810
2027	5,810
Thereafter	<u>23,241</u>
Total minimum lease payments	81,091
Less: amounts representing interest	<u>(10,142)</u>
Present value of minimum lease payments	<u>\$ 70,949</u>

**6. Pension 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 years ended 2022 and 2021, eligible Station employees contributed 8.185% of covered payroll and the Station contributed 15.865% of payroll. Employees participating in TRS on or after January 1, 2022, contributed 9.755% of their salary which was matched by the University at 9.775%. For the years ended June 30, 2022 and 2021, the Station's contributions to TRS were \$23,473 and \$21,797, respectively.

**MOREHEAD STATE UNIVERSITY  
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Notes to the Financial Statements, continued

**6. Pension Plan, continued**

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 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 \$112,921 and \$142,230 was provided by the University during 2022 and 2021, 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 2022 and 2021.

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.

**MOREHEAD STATE UNIVERSITY  
WMKY-FM**

Notes to the Financial Statements, continued

**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 65% and 90% of total operating revenues during 2022 and 2021, respectively.

## SUPPLEMENTARY INFORMATION

**MOREHEAD STATE UNIVERSITY  
WMKY-FM**

Schedule of General Appropriations from Morehead State University

Year ended June 30, 2022

Unrestricted contributions (University)

University other support	\$ 7,402
University salaries and fringe benefits	<u>233,604</u>
Total unrestricted contributions	<u>\$ 241,006</u>

*See report of independent auditors.*



**MOREHEAD STATE UNIVERSITY  
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**Schedule of Restricted Contributions**

**Year ended June 30, 2022**

**Restricted contributions**

Federal workstudy	<u>\$ 9,375</u>
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Total restricted contributions	<u>\$ 9,375</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, 2022

Other contributions and revenue

Memberships and subscriptions	\$ 33,921
Other income	12,795
Underwriting	<u>11,110</u>
 Total other contributions and revenue	 <u>\$ 57,826</u>

*See report of independent auditors.*

**MOREHEAD STATE UNIVERSITY  
WMKY-FM**

**Schedule of Revenue Reconciliation**

**Year ended June 30, 2022**

**Revenue reconciliation**

Revenue per CPB Annual Report	\$ 436,696
Indirect administrative support (including occupancy)	<u>112,921</u>
Total per financial report	549,617
Total operating and nonoperating revenue per financial statements	<u>\$ 549,617</u>

*See report of independent auditors.*

**MOREHEAD STATE UNIVERSITY  
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**Schedule of Expense Reconciliation**

**Year ended June 30, 2022**

**Expense reconciliation**

Per CPB Annual Report	\$ 628,094
Less: capital equipment	<u>-</u>
Total expenses per financial statements	<u>\$ 628,094</u>

*See report of independent auditors.*

**MOREHEAD STATE UNIVERSITY  
WMKY-FM**

Calculation of Indirect Administrative Support

Year ended June 30, 2022

**Licensee Indirect Costs**

Institutional Support	\$ 12,839,716
Physical Plant Support	10,317,195

<b>Total Licensee Indirect Costs</b>	23,156,911
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**Licensee Direct Costs**

Total Operating expenses	137,524,346
Less: Institutional Support	12,839,716
Less: Physical Plant Support (Please enter this amount whether or not the station benefits from Physical Plant Support)	10,317,195

<b>Licensee's Direct Costs = (Total operating expenses minus both institutional support and physical plant support)</b>	114,367,435
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<b>Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)</b>	20.2478187956213%
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<b>Station's Total Operating Expenses</b>	628,094
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Less: Total Depreciation and amortization-per AFS (if applicable)	26,229
Less: In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	7,816
Less: Indirect administrative support (if included in station's total expenses)-per AFS	112,921
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)	1,015

<b>Station Net Direct Expenses</b>	480,113
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<b>Apply the Rate to the Base Occupancy Value (if applicable)</b>	97,212
	15,709

<b>Deductions- Fees Paid to the Licensee (if applicable) Calculated IAS*</b>	\$ 112,921
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See report of independent auditors.

**MOREHEAD STATE UNIVERSITY**  
**WMKY-FM**

Allocation of Indirect Administrative Support

Year ended June 30, 2022

	<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>
<u>Total</u>	\$ 308,332	\$ 64,904	\$ 22,847	\$ 61,081	\$ 14,183	\$ 401
Unrestricted Expenses (Non-Grant)						
Percentage of total per functional area	100.000%	21.0500%	7.4100%	19.8100%	4.6000%	0.1300%
Allocation based on % of operating cost per functional area*						
	<u>\$ 112,921</u>	<u>\$ 23,770</u>	<u>\$ 8,367</u>	<u>\$ 22,370</u>	<u>\$ 5,194</u>	<u>\$ 147</u>

\*Includes occupancy.

See report of independent auditors.

**MOREHEAD STATE UNIVERSITY**  
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Schedule of Functional Expenses  
Year ended June 30, 2022

	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	\$ 100,145	\$ 44,852	\$ 15,789	\$ 42,210	\$ 9,801	\$ 277	\$ -	\$ -	\$ 213,074
University fringe benefits	32,736	14,662	5,161	13,798	3,204	91	-	-	69,652
University other expenses	7,153	3,202	1,128	3,014	701	19	-	-	15,217
Indirect (including occupancy)	53,073	23,770	8,367	22,370	5,194	147	-	-	112,921
MSU Foundation	477	214	75	201	47	1	-	-	1,015
CPB Rural 20	15,434	4,547	-	-	-	-	-	-	19,981
CPB CARES 20	37,646	7,198	-	-	2,839	-	-	-	47,683
CPB 19/21	180	1,709	-	88	-	-	-	-	1,977
CPB 20/22	25,633	27,558	-	975	-	-	-	-	54,166
CPB 21/23	35,130	-	-	-	-	-	-	-	35,130
Total Unrestricted	\$ 307,607	\$ 127,712	\$ 30,520	\$ 82,656	\$ 21,786	\$ 535	\$ -	\$ -	\$ 570,816
Restricted									
CPB 20/22	20,387	1,287							21,674
Federal workstudy	4,406	1,974	695	1,857	431	12	-	-	9,375
Total Restricted	24,793	3,261	695	1,857	431	12	-	-	31,049
Depreciation									
Unrestricted	-	-	-	-	-	-	-	4,907	4,907
Restricted	-	-	-	-	-	-	-	6,651	6,651
Amortization	-	-	-	-	-	-	14,671	-	14,671
Total Depreciation and Amortization	-	-	-	-	-	-	14,671	11,558	26,229
Total Expenses	\$ 332,400	\$ 130,973	\$ 31,215	\$ 84,513	\$ 22,217	\$ 547	\$ 14,671	\$ 11,558	\$ 628,094

See report of independent auditors.