

# **Rogers State University – KRSU-Television**

Independent Auditor's Reports and Financial Statements

June 30, 2022 and 2021

**Rogers State University – KRSU-Television**  
**June 30, 2022 and 2021**

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## Independent Auditor's Report

Regents of the University of Oklahoma  
Rogers State University – KRSU-Television  
Norman, Oklahoma

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Rogers State University – KRSU-Television (the Station) 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. 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 Rogers State 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 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 December 15, 2022 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  
December 15, 2022

# **Rogers State University – KRSU-Television**

## **Management’s Discussion and Analysis**

### **June 30, 2022 and 2021**

#### ***Introduction***

KRSU-TV Television Station (the Station) is a full-service public television station licensed to Rogers State University (the University) serving northeast Oklahoma and parts of southeast Kansas and northwest Arkansas. Its broadcast format is primarily educational, informational, and entertainment-based programs, with content provided by station-produced documentaries and local interest programs, independently produced programming, as well as programs acquired from American Public Television Network, National Educational Television Association, and PBS.

The Station’s signal originates from studios located on the campus of the University and uses call letters KRSU-TV.

#### ***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. The 2020 financial statements are included for comparative purposes.

#### ***Financial Analysis of the Station as a Whole***

The Station’s total assets exceeded liabilities by \$3,439,029 for the June 30, 2022 fiscal year. This compares to fiscal years 2021 and 2020 when assets exceeded liabilities by \$3,094,857 and \$2,459,806, respectively.

Capital assets, which have no related debt, including property and equipment, net of accumulated depreciation were \$1,014,157, a decrease of 9.9% in fiscal year 2022 compared to \$1,125,857 in fiscal year 2021 and an increase of 1.9% in fiscal year 2021 compared to \$1,104,530 in fiscal year 2020. The net change in capital assets during fiscal year 2022 represents equipment acquisitions of \$22,528 and depreciation expense of \$134,228.

The unrestricted component of net position totaled \$2,299,872 representing the portion available to maintain the Station’s continuing obligations to viewership and creditors beyond fiscal year 2022. This is an increase of 20.7% over fiscal year 2021, where unrestricted net position totaled \$1,905,069, and an increase of 48.8% over fiscal year 2020, where unrestricted net position totaled \$1,280,276.

As of June 30, 2022, total liabilities for the Station were 50.0% or \$126,295 less than fiscal year ended June 30, 2021, and total liabilities as of June 30, 2021 were 82.2% or \$113,907 more than fiscal year ended June 30, 2020.

#### ***Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position***

The statement of net position and the statement of revenues, expenses, and changes in net position report the Station’s net position and how it has changed. Net position is the difference between assets plus

deferred outflows and liabilities plus deferred inflows. This is one way to measure the Station's financial health or position. Over time, the increases or decreases in the Station's net position are an indicator of whether its financial health is improving or not.

These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following tables summarize the Station's assets, liabilities, and net position as of June 30 and the Station's revenues, expenses, and changes in net position for the fiscal years ended June 30:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>			
Current assets	\$ 2,551,051	\$ 2,196,474	\$ 1,443,843
Noncurrent assets	<u>1,014,157</u>	<u>1,150,857</u>	<u>1,154,530</u>
Total assets	<u>3,565,208</u>	<u>3,347,331</u>	<u>2,598,373</u>
<b>Liabilities</b>			
Current liabilities	126,179	109,664	138,567
Noncurrent liabilities	<u>-</u>	<u>142,810</u>	<u>-</u>
Total liabilities	<u>126,179</u>	<u>252,474</u>	<u>138,567</u>
<b>Net Position</b>			
Net investment in capital assets	1,014,157	1,125,857	1,104,530
Restricted – expendable	125,000	63,931	75,000
Unrestricted	<u>2,299,872</u>	<u>1,905,069</u>	<u>1,280,276</u>
Total net position	<u>\$ 3,439,029</u>	<u>\$ 3,094,857</u>	<u>\$ 2,459,806</u>
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating revenues	\$ 1,141,187	\$ 1,151,100	\$ 1,170,189
Operating expenses	<u>1,679,341</u>	<u>1,596,306</u>	<u>1,421,985</u>
Operating loss	(538,154)	(445,206)	(251,796)
Nonoperating revenues and capital grants	<u>882,326</u>	<u>1,080,257</u>	<u>1,011,885</u>
Change in net position	<u>\$ 344,172</u>	<u>\$ 635,051</u>	<u>\$ 760,089</u>

## Operating and Nonoperating Revenues

The following table details the operating revenues and nonoperating revenues for the Station for the fiscal years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Operating Revenues</b>			
CPB grants	\$ 735,377	\$ 698,014	\$ 654,090
In-kind contributions	6,903	6,903	6,903
Memberships	76,743	71,961	45,528
Underwriting	314,040	235,243	274,031
Continuing education	180	2,825	220
Other/private grants	<u>7,944</u>	<u>136,154</u>	<u>189,417</u>
Total operating revenues	<u>1,141,187</u>	<u>1,151,100</u>	<u>1,170,189</u>
<b>Nonoperating Revenues and Capital Grants</b>			
General university appropriations	309,068	327,556	363,580
CPB Stabilization Grant	-	460,760	260,205
Donated facilities and indirect administrative support	275,151	254,467	269,697
Capital grants	100,000	6,891	82,681
On-behalf payments for OTRS	14,423	12,337	15,755
Interest income	20,874	18,246	19,967
Other grants	20,000	-	-
PPP loan forgiveness	<u>142,810</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues and capital grants	<u>882,326</u>	<u>1,080,257</u>	<u>1,011,885</u>
Total revenues	<u>\$ 2,023,513</u>	<u>\$ 2,231,357</u>	<u>\$ 2,182,074</u>

The Station relies on three main sources of income: an annual allocation and related in-kind support from the University and Rogers State University Foundation, Inc. (the Foundation), which is categorized as nonoperating revenue; operating revenue, which includes an annual grant from the Corporation for Public Broadcasting (CPB); and private donations, both cash and in-kind. Private donations are used for operating, capital expenses, and special projects. Special projects often may include grants and contracts.

The table above summarizes the Station's operating revenues for the fiscal years ended June 30, 2022, 2021, and 2020. Total operating revenue of \$1,141,187 in fiscal year 2022 decreased \$9,913 or 1% when compared to 2021, and 2021 total operating revenue of \$1,151,100 in fiscal year 2021 decreased \$19,089 when compared to 2020.

In-kind contributions relate to the occupancy cost incurred by the Foundation for the broadcast tower by the Foundation, from which the television signal is transmitted. The current revenue represents the annual depreciation by the Foundation, whereas, prior to fiscal year 2019, in-kind contributions represented the market value of the tower rental contributed by the Foundation.

Funding from memberships and pledge drives totaled \$76,743, an increase of \$4,782 or 6.6% from fiscal year 2021 revenues of \$71,961. This was an increase of \$26,433 or 58.1% from fiscal year 2020 revenues of \$45,528.



Underwriting and production revenues associated with local productions generated \$314,040, an increase of \$78,797 or 33.5% from fiscal year 2021 revenues of \$235,243, a decrease of \$38,788 or 14.1% from fiscal year 2020 revenues of \$274,031. Decreases are attributable to a decrease in production activity.

The Station's nonoperating revenues reflected above include Paycheck Protection Program (PPP) loan forgiveness, other grants, and university appropriations and donated facilities totaling \$882,326, which include personnel costs and facility support.

### **Operating Expenses**

The following table details the operating expenses for the Station for the fiscal years ended June 30:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Program Services</b>			
Programming and production	\$ 448,198	\$ 526,647	\$ 480,934
Broadcasting	433,434	415,843	323,866
Program information	<u>79,033</u>	<u>19,428</u>	<u>430</u>
Total program services	<u>960,665</u>	<u>961,918</u>	<u>805,230</u>
<b>Support Services</b>			
Fundraising and membership	31,123	19,893	13,300
Underwriting	6,531	21,714	3,827
Management and general	<u>681,022</u>	<u>592,781</u>	<u>599,628</u>
Total support services	<u>718,676</u>	<u>634,388</u>	<u>616,755</u>
Total expenses	<u><u>\$ 1,679,341</u></u>	<u><u>\$ 1,596,306</u></u>	<u><u>\$ 1,421,985</u></u>

Program services expenses, which include programming and production, broadcasting, and program information activities, decreased by \$1,253 or 0.1% from fiscal year 2021 and increased by \$156,688 or 19.5% from fiscal year 2020, due to fluctuations in levels of activity related to program acquisitions and local production projects.

Support services expenses for fiscal year 2022 increased by \$84,288 or 13.3% from fiscal year 2021 and increased by \$17,633 or 2.9% from fiscal year 2020 as a result of increases associated with development of corporate underwriting support and increased production activity.

### **Capital Assets**

At June 30, 2022, the Station had \$1,014,157 in capital assets, net of accumulated depreciation, compared to 2021 when the Station had \$1,125,857 in capital assets, net of accumulated depreciation. At the end of fiscal year 2020, the Station had \$1,104,530 in capital assets, net of accumulated depreciation. Depreciation for fiscal years 2022, 2021, and 2020 was \$134,228, \$145,102, and \$48,021, respectively. See *Note 4* to the financial statements for additional details.

### **Debt**

During the fiscal year 2021, the Station received a PPP loan in the amount of \$142,810. This loan was forgiven in fiscal year 2022 on October 1, 2021. The revenue for forgiveness is recorded as nonoperating revenue.

## ***Economic Outlook***

The Station's financial position continues to strengthen. Institutional funding remains stable from the University and the Foundation. Underwriting and production contracts that are related to station outreach initiatives are also stable; however, grants have increased.

Funding to the CPB and the pass-through of those funds to the Station are subject to funding decisions of the U.S. Congress. Funding for the fiscal year 2023 Community Service Grant is estimated to be stable, with funding beyond 2023 remaining uncertain.

As the Station continues to proactively reach out to its membership base and focuses on attracting new corporate partnerships for underwriting and grants, the Station will accomplish its strategic goals and fulfill its mission to provide viewers throughout northeast Oklahoma, southeast Kansas, and northwest Arkansas quality television programming.

**Rogers State University – KRSU-Television**  
**Statements of Net Position**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,882,083	\$ 1,764,572
Restricted cash	100,000	-
Funds held for the benefit of the Station	436,988	306,811
Accounts receivable	108,367	82,698
Prepaid expenses	23,613	42,393
Total current assets	2,551,051	2,196,474
<b>Noncurrent Assets</b>		
Pledge receivable	-	25,000
Capital assets, net	1,014,157	1,125,857
Total noncurrent assets	1,014,157	1,150,857
Total assets	3,565,208	3,347,331
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	42,885	36,527
Accrued compensated absences	68,711	62,065
Unearned revenue	14,583	11,072
Total current liabilities	126,179	109,664
<b>Noncurrent Liabilities</b>		
Note payable	-	142,810
Total noncurrent liabilities	-	142,810
Total liabilities	126,179	252,474
<b>Net Position</b>		
Net investment in capital assets	1,014,157	1,125,857
Restricted – expendable	125,000	63,931
Unrestricted	2,299,872	1,905,069
Total net position	\$ 3,439,029	\$ 3,094,857

**Rogers State University – KRSU-Television**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>		
CPB grants	\$ 735,377	\$ 698,014
In-kind contributions	6,903	6,903
Memberships	76,743	71,961
Underwriting	314,040	235,243
Continuing education	180	2,825
Other/private grants	7,944	136,154
	<u>1,141,187</u>	<u>1,151,100</u>
<b>Operating Expenses</b>		
Salaries	548,474	483,485
Benefits	238,011	217,397
Contractual services	65,138	82,220
Training and travel	22,096	7,274
Supplies	329,997	363,290
Postage	2,953	948
Telecommunications	2,240	2,180
Print shop	6,259	1,934
Noncapitalized equipment and repairs	29,300	9,904
Depreciation	134,228	145,102
Indirect administrative support	280,506	262,243
In-kind tower space	6,903	6,903
Utilities	13,236	13,426
	<u>1,679,341</u>	<u>1,596,306</u>
<b>Operating Loss</b>	<u>(538,154)</u>	<u>(445,206)</u>
<b>Nonoperating Revenues</b>		
General university appropriations	309,068	327,556
CPB Stabilization Grant	-	460,760
Donated facilities and indirect administrative support	275,151	254,467
On-behalf payments from OTRS	14,423	12,337
Interest income	20,874	18,246
Other grants	20,000	-
PPP loan forgiveness	142,810	-
	<u>782,326</u>	<u>1,073,366</u>
<b>Capital Grants</b>	<u>100,000</u>	<u>6,891</u>
<b>Change in Net Position</b>	344,172	635,051
<b>Net Position, Beginning of Year</b>	<u>3,094,857</u>	<u>2,459,806</u>
<b>Net Position, End of Year</b>	<u>\$ 3,439,029</u>	<u>\$ 3,094,857</u>

**Rogers State University – KRSU-Television**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Cash received from contributions, grants, underwriting, and miscellaneous receipts	\$ 1,119,030	\$ 1,183,362
Cash paid to employees	(766,636)	(677,084)
Cash paid to suppliers	(457,120)	(519,697)
Net cash used in operating activities	(104,726)	(13,419)
<b>Noncapital Financing Activities</b>		
Proceeds received from PPP loan	-	142,810
Other CPB grants	20,000	460,760
Cash received from university appropriations	309,068	327,556
Net cash provided by noncapital financing activities	329,068	931,126
<b>Capital and Related Financing Activities</b>		
Cash paid for capital assets	(22,528)	(166,429)
Capital grants and gifts	125,000	58,744
Net cash provided by (used in) capital and related financing activities	102,472	(107,685)
<b>Investing Activities</b>		
Investment income	20,874	18,246
Change in funds held for the benefit of the Station	(130,177)	(100,150)
Net cash used in investing activities	(109,303)	(81,904)
<b>Change in Cash and Cash Equivalents</b>	217,511	728,118
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,764,572	1,036,454
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,982,083	\$ 1,764,572
<b>Reconciliation of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 1,882,083	\$ 1,764,572
Restricted cash	100,000	-
Total cash, cash equivalents, and restricted cash	\$ 1,982,083	\$ 1,764,572

**Rogers State University – KRSU-Television**  
**Statements of Cash Flows, continued**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (538,154)	\$ (445,206)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	134,228	145,102
On-behalf payments from OTRS	14,423	12,337
Donated facilities and indirect administrative support	275,151	254,467
Changes in assets and liabilities		
Accounts receivable	(25,669)	27,753
Prepaid expenses	18,780	21,032
Accounts payable	6,358	(38,067)
Unearned revenue	3,511	4,509
Accrued compensated absences	6,646	4,654
Net cash used in operating activities	\$ (104,726)	\$ (13,419)
<b>Noncash Noncapital Financing Activities</b>		
Gain on forgiveness of debt (PPP loan)	\$ 142,810	\$ -

# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### ***Nature of Operations***

Rogers State University – KRSU-Television (the Station) is a public telecommunications entity owned and operated by Rogers State University (the University). The Station conducts operations from the University's campus located in Claremore, Oklahoma. The financial activities of the Station are accounted for by the University. The Station does not maintain a separate set of self-balancing financial records. The financial statements of the Station are prepared from the financial records maintained by 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, 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.

#### ***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 unearned revenue. Revenue from underwriting is earned when the airplay has been performed and revenue from memberships is reported as revenue when earned. Contributions from special events are reported as operating revenue when earned.

#### ***Cash and Cash Equivalents***

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

# **Rogers State University – KRSU-Television**

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

### ***Accounts Receivable***

Accounts receivable consist of expenses accrued for payroll and benefits reimbursable from the University, underwriting receivables, interest receivable, and a grant receivable. All receivables are due in one year or less except for the grant receivable, which is due in \$25,000 increments through 2023. An allowance for accounts receivable is not recorded since management believes all accounts are fully collectible.

### ***Capital Assets***

The Station follows the practice of capitalizing all major expenditures for land, buildings and tower, equipment, and leasehold improvements greater than \$5,000. Such assets are recorded at cost or, if acquired by gift, at acquisition value at date of receipt. Depreciation is provided over the estimated useful lives of the assets on the straight-line method, ranging from 5 to 31 years. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred.

### ***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***

Employee compensated absences are accrued when earned. The obligation and expenditure incurred during the year are recorded as accrued compensated absences in the accompanying statements of net position and as an operating expense in the accompanying statements of revenues, expenses, and changes in net position.

### ***Unearned Revenue***

Unearned revenue at June 30, 2022 and 2021 consisted of \$14,583 and \$11,072, 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.



# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

### **Programming**

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

### **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 both a revenue and an expense in the period when the premises are used.

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

**Institutional Support and Physical Plant Operations** – 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, indirect administrative support, expenses for non-broadcast activities and UBIT, and expenses not supported by the licensee.

### **In-Kind Contributions**

In-kind revenues include the annual depreciation value of tower, as described in *Note 5*. Since fiscal year 1995, 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.

### **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 underwriting and memberships and contributions from donors.

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

# Rogers State University – KRSU-Television

## Notes to Financial Statements

### June 30, 2022 and 2021

#### ***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. The Station had no such debt at June 30, 2022 or 2021.

**Restricted Net Position – Expendable** – The restricted – expendable net position includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. As of June 30, 2022 and 2021, \$125,000 and \$63,931, respectively, were considered to be restricted – expendable.

**Unrestricted Net Position** – 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.

It is the Station's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

#### ***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.

#### **Note 2: Deposits and Investments**

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 in the State Treasurer's 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.

# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

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.

### Note 3: Funds Held for the Benefit of the Station

Funds held for the benefit of the Station are pooled within the net assets of Rogers State 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. As of June 30, 2022 and 2021, the Foundation maintained cash balances on behalf of the Station totaling \$436,988 and \$306,811, respectively.

### Note 4: Capital Assets

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

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<b>2022</b>					
Other capital assets					
Building and tower	\$ 897,340	\$ -	\$ -	\$ -	\$ 897,340
Leasehold improvements	150,371	-	-	-	150,371
Station equipment	2,751,085	22,528	(6,457)	-	2,767,156
	<u>3,798,796</u>	<u>22,528</u>	<u>(6,457)</u>	<u>-</u>	<u>3,814,867</u>
Total other capital assets					
	<u>3,798,796</u>	<u>22,528</u>	<u>(6,457)</u>	<u>-</u>	<u>3,814,867</u>
Less accumulated depreciation					
Building and tower	(93,819)	(43,471)	-	-	(137,290)
Leasehold improvements	(148,378)	(893)	-	-	(149,271)
Station equipment	(2,430,742)	(89,864)	6,457	-	(2,514,149)
	<u>(2,672,939)</u>	<u>(134,228)</u>	<u>6,457</u>	<u>-</u>	<u>(2,800,710)</u>
Capital assets, net	<u>\$ 1,125,857</u>	<u>\$ (111,700)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,157</u>

# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<b>2021</b>					
Capital assets not being depreciated					
Construction in progress	\$ 1,027,410	\$ 24,721	\$ -	\$ (1,052,131)	\$ -
Total capital assets not being depreciated	1,027,410	24,721	-	(1,052,131)	-
Other capital assets					
Building and tower	53,940	-	-	843,400	897,340
Leasehold improvements	150,371	-	-	-	150,371
Station equipment	3,697,228	141,708	(1,296,582)	208,731	2,751,085
Total other capital assets	3,901,539	141,708	(1,296,582)	1,052,131	3,798,796
Less accumulated depreciation					
Building and tower	(49,937)	(43,882)	-	-	(93,819)
Leasehold improvements	(147,484)	(893)	-	-	(148,377)
Station equipment	(3,626,998)	(100,327)	1,296,582	-	(2,430,743)
	(3,824,419)	(145,102)	1,296,582	-	(2,672,939)
Capital assets, net	\$ 1,104,530	\$ 21,327	\$ -	\$ -	\$ 1,125,857

### Note 5: Related-Party Transactions

The Station occupies building and tower space from the Foundation without cost. The annual depreciation value of the building and tower space donated by the Foundation was approximately \$6,900 and \$6,900 for the years ended June 30, 2022 and 2021, respectively, and is included as in-kind contributions and in-kind tower space expense in the accompanying statements of revenues, expenses, and changes in net position.

The Station received facility and indirect administrative support from the University of \$275,151 and \$254,467 for 2022 and 2021, respectively. The Station also received direct appropriations from the University for general operations of \$309,068 and \$327,556 in 2022 and 2021, respectively. Amounts due from the University were \$45,695 and \$31,881 as of June 30, 2022 and 2021, respectively, and recorded in accounts receivable.

# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 6: Retirement Programs

The University's academic and nonacademic personnel are covered by various retirement plans depending on job classification. The plans available to university personnel include:

#### **Defined Benefit Plan**

The Station, through the University, currently provides a pension plan to its employees. The plan available to university personnel is the Oklahoma Teachers' Retirement System (OTRS), which is a defined benefit plan offered to all eligible faculty and staff.

The liability has not been recorded at the department level of the Station as this liability does not represent a direct liability of the Station. Only the estimated expenses associated with contributions made during the year by the Station and the State on behalf of the University are recognized as expense.

#### **Plan Description**

The OTRS is 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 for 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, Sections 17-101 through 17-116-9, as amended, of the Oklahoma Statutes define all retirement benefits. The OTRS does not provide for a cost-of-living adjustment. The OTRS issues a publicly available financial report that includes financial statements and supplementary information for the OTRS. That annual report may be obtained by writing to the OTRS, P.O. Box 53524, Oklahoma City, OK 73152, by calling 405.521.2387, or at the OTRS website at [www.ok.gov/TRS/](http://www.ok.gov/TRS/).

#### **Defined Benefit Plan Funding**

The University is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate, as determined by state statute, was 8.55% for the fiscal years ended June 30, 2022 and 2021. Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2022, 2021, and 2020. The University makes all contributions on behalf of the employees.

The University's contributions to the OTRS for the Station's employees for the years ended June 30, 2022 and 2021 were approximately \$102,000 and \$93,000, respectively, equal to the required contributions for each year. These contributions included the University's statutory contribution and the employee's contribution paid directly by the University.

The State of Oklahoma is also required to contribute to the OTRS on behalf of participating employers. For 2022 and 2021, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income 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.

# **Rogers State University – KRSU-Television**

## **Notes to Financial Statements**

### **June 30, 2022 and 2021**

For the years ended June 30, 2022 and 2021, the total amount contributed to the OTRS by the State of Oklahoma on behalf of the Station was approximately \$14,400 and \$12,000, 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.

#### ***Defined Contribution Plan***

##### **Plan Description**

The plan is a Section 401(a) defined contribution plan that became effective January 1, 2015, for certain FLSA nonexempt employees. The purpose of the plan is to provide retirement benefits for the participants and to distribute the funds accumulated to the beneficiaries of the eligible participants.

All nonexempt employees hired after the effective date are allowed a one-time election between participation in the OTRS or the defined contribution plan.

##### **Funding Policy**

The required contribution rate is 9.0% of pensionable compensation. The University contributes the required amounts for participating members. The University's contributions for the years ended June 30, 2022 and 2021 attributable to Station employees were approximately \$8,500 and \$7,600, respectively.

#### **Note 7: Other Postemployment Benefits**

The University's retiree insurance plan is considered a single-employer defined benefit plan and does not issue a stand-alone financial report. The University has the authority to establish and amend the benefit provisions offered to retirees.

The University's plan is funded on a pay-as-you-go basis. The funding policy may be amended by the Regents of the University of Oklahoma. For the years ended June 30, 2022 and 2021, the University made benefit payments of approximately \$89,000 and \$110,000, respectively, for current retirees.

The University recognized a net OPEB liability (asset) of approximately \$(35,000) and \$(19,000) as of June 30, 2022 and 2021, respectively. The liability (asset) has not been recorded at the department level of the Station as this liability (asset) does not represent a direct liability (asset) of the Station. Only the estimated expenses associated with contributions made during the year by the Station are recognized as expense.

# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 8: Functional Expenses 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	\$ 448,198	\$ 526,647
Broadcasting	433,434	415,843
Program information	<u>79,033</u>	<u>19,428</u>
Total program services	<u>960,665</u>	<u>961,918</u>
Support services		
Fundraising and membership	31,123	19,893
Underwriting	6,531	21,714
Management and general	<u>681,022</u>	<u>592,781</u>
Total support services	<u>718,676</u>	<u>634,388</u>
Total	<u>\$ 1,679,341</u>	<u>\$ 1,596,306</u>

### Note 9: 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 year ended June 30, 2022, the Station received \$735,377 and expended \$686,499 in grant revenue in relation to CSGs. For the year ended June 30, 2021, the Station received \$698,014 and expended \$640,309 in grant revenue in relation to CSGs.

# Rogers State University – KRSU-Television

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 10: 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/or omission; employee injuries and/or illnesses; natural disasters; and employee health, life, and accident benefits. Through the University, 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 and Comp Source Oklahoma, public entity risk pools (the Pools) currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the Pools for its tort, property, and liability insurance coverage. The Pools' governing agreement specifies that the Pools 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 its liabilities to the Station. Accordingly, no portion of these liabilities are reflected in the Station's financial statements.

### Note 11: Paycheck Protection Program (PPP) Loan

The *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act) and other subsequent legislation also provides a Small Business Administration (SBA) loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The PPP loans will be forgiven if all employee retention criteria are met and the funds are used for eligible expense. The Station received a PPP loan of \$142,810 in April 2021. Interest accrues at a fixed rate of 1% up to the point forgiveness is granted. The Station is accounting for the PPP loan in accordance with GASB Statement No. 62.

In October 2021, the Station received full forgiveness from the SBA, extinguishing the debt in the full amount of \$142,810, plus associated accrued interest. A gain on extinguishment of the PPP loan was recognized as nonoperating income for the year ended June 30, 2022.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>2022</b>					
PPP loan	\$ 142,810	\$ -	\$ (142,810)	\$ -	\$ -
<b>2021</b>					
PPP loan	\$ -	\$ 142,810	\$ -	\$ 142,810	\$ -



## **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  
Rogers State University – KRSU-Television  
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, the financial statements of Rogers State University – KRSU-Television (the Station), which comprise the Station's statement of net 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 December 15, 2022, 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  
Rogers State University – KRSU-Television

### ***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  
December 15, 2022