




Rogers State University – KRSU-Television

Independent Auditor’s Reports and Financial Statements

June 30, 2024 and 2023



Rogers State University – KRSU-Television
Contents
June 30, 2024 and 2023

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis 3

Financial Statements

 Statements of Net Position..... 8

 Statements of Revenues, Expenses, and Changes in Net Position 9

 Statements of Cash Flows 10

 Notes to Financial Statements 12

**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** 20

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 (Station) as of and for the years ended June 30, 2024 and 2023 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, 2024 and 2023 and the changes in 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 statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements of the Station are intended to present the financial position, changes in financial position, and cash flows of only the activities of the Station. They do not purport to, and do not, present fairly the financial position of Rogers State University as of June 30, 2024 and 2023 and the changes in its financial position or its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. 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.

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.

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 20, 2024 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 Mazars, LLP

Tulsa, Oklahoma
December 20, 2024

**Rogers State University – KRSU-Television
Management’s Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Introduction

KRSU-Television (Station) is a full-service public television station licensed to Rogers State University (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 Public Broadcasting Service (PBS).

The Station’s signal originates from studios located on the campus of the University and uses the 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, 2024 and 2023. The Station’s financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The 2022 financial statement amounts are included for comparative purposes.

Financial Analysis of the Station as a Whole

The Station’s total assets exceeded liabilities by \$4,023,600 for the June 30, 2024 fiscal year. This compares to fiscal years 2023 and 2022 when assets exceeded liabilities by \$3,842,507 and \$3,439,029, respectively.

Capital assets, which have no related debt, including property and equipment, net of accumulated depreciation, were \$860,273, a decrease of 13.7%, in fiscal year 2024 compared to \$996,817 in fiscal year 2023. Fiscal year 2023 net investment in capital assets was a decrease of 1.7%, compared to \$1,014,157 in fiscal year 2022. The net change in capital assets during fiscal year 2024 represents equipment acquisitions of \$26,539 and depreciation expense of \$163,084.

The unrestricted component of net position totaled \$3,064,707 representing the portion available to maintain the Station’s continuing obligations to viewership and creditors beyond fiscal year 2024. This is an increase of 11.6% over fiscal year 2023, where unrestricted net position totaled \$2,746,298, which was an increase of 20.4% over fiscal year 2022, where unrestricted net position totaled \$2,281,872.

As of June 30, 2024, total liabilities for the Station were 1.6% or \$1,311 less than fiscal year ended June 30, 2023, and total liabilities as of June 30, 2023 were 33.5% or \$42,240 less than fiscal year ended June 30, 2022.

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.

**Rogers State University – KRSU-Television
Management’s Discussion and Analysis
Years Ended June 30, 2024 and 2023**

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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets	\$ 3,245,955	\$ 2,929,629	\$ 2,551,051
Noncurrent assets	860,273	996,817	1,014,157
Total Assets	<u>4,106,228</u>	<u>3,926,446</u>	<u>3,565,208</u>
Liabilities			
Current liabilities	82,628	83,939	126,179
Noncurrent liabilities	-	-	-
Total Liabilities	<u>82,628</u>	<u>83,939</u>	<u>126,179</u>
Net Position			
Net investment in capital assets	860,273	996,817	1,014,157
Restricted – expendable	98,620	99,392	143,000
Unrestricted	3,064,707	2,746,298	2,281,872
Total Net Position	<u>\$ 4,023,600</u>	<u>\$ 3,842,507</u>	<u>\$ 3,439,029</u>
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 935,145	\$ 1,244,598	\$ 1,141,187
Operating expenses	1,758,229	1,862,071	1,679,341
Operating loss	(823,084)	(617,473)	(538,154)
Nonoperating revenues and capital grants	1,004,177	1,020,951	882,326
Change in net position	<u>\$ 181,093</u>	<u>\$ 403,478</u>	<u>\$ 344,172</u>

**Rogers State University – KRSU-Television
Management’s Discussion and Analysis
Years Ended June 30, 2024 and 2023**

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>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
CPB grants	\$ 822,406	\$ 755,752	\$ 735,377
In-kind contributions	6,903	6,903	6,903
Memberships	25,267	100,185	76,743
Underwriting	58,931	320,716	314,040
Continuing education	1,638	2,605	180
Other/private grants	20,000	58,437	7,944
Total Operating Revenues	<u>935,145</u>	<u>1,244,598</u>	<u>1,141,187</u>
Nonoperating Revenues and Capital Grants			
General university appropriations	283,340	303,695	309,068
Donated facilities and indirect administrative support	281,372	306,724	275,151
Capital grants	-	-	100,000
On-behalf payments for OTRS	15,267	14,423	14,423
Interest income	74,198	41,805	20,874
Other grants	350,000	354,304	20,000
PPP loan forgiveness	-	-	142,810
Total Nonoperating Revenues and Capital Grants	<u>1,004,177</u>	<u>1,020,951</u>	<u>882,326</u>
Total Revenues	<u>\$ 1,939,322</u>	<u>\$ 2,265,549</u>	<u>\$ 2,023,513</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, 2024, 2023, and 2022. Total operating revenue of \$935,145 in fiscal year 2024 decreased \$309,453 or 24.9% when compared to 2023, and total operating revenue of \$1,244,598 in fiscal year 2023 increased \$103,411 or 9.1% when compared to 2022.

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.

Funding from memberships and pledge drives totaled \$25,267, a decrease of \$74,918 or 74.8% from fiscal year 2023 revenues of \$100,185. This was an increase of \$23,442 or 30.5% from fiscal year 2022 revenues of \$76,743.

**Rogers State University – KRSU-Television
Management’s Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Underwriting and production revenues associated with local productions generated \$58,931, a decrease of \$261,785 or 81.6% from fiscal year 2023 revenues of \$320,716, an increase of \$6,676 or 2.1% from fiscal year 2022 revenues of \$314,040.

The Station’s nonoperating revenues reflected above include other grants and university appropriations and donated facilities totaling \$1,004,177 in 2024, 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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Program Services			
Programming and production	\$ 617,384	\$ 435,558	\$ 448,198
Broadcasting	475,401	603,042	433,434
Program information	65,202	103,297	79,033
	<u>1,157,987</u>	<u>1,141,897</u>	<u>960,665</u>
Support Services			
Fundraising and membership	16,133	22,077	31,123
Underwriting	2,660	6,144	6,531
Management and general	581,449	691,953	681,022
	<u>600,242</u>	<u>720,174</u>	<u>718,676</u>
Total Expenses	<u>\$ 1,758,229</u>	<u>\$ 1,862,071</u>	<u>\$ 1,679,341</u>

Program services expenses, which include programming and production, broadcasting, and program information activities, increased by \$16,090 or 1.4% from fiscal year 2023 which increased by \$181,232 or 18.9% from fiscal year 2022 due to fluctuations in levels of activity related to program acquisitions and local production projects.

Support services expenses for fiscal year 2024 decreased by \$119,932 or 16.7% from fiscal year 2023 which increased \$1,498 or 0.2% from fiscal year 2022 as a result of increases associated with development of corporate underwriting support and increased production activity.

Capital Assets

At June 30, 2024, the Station had \$860,273 in capital assets, net of accumulated depreciation, compared to 2023 when the Station had \$996,817 in capital assets, net of accumulated depreciation. At the end of fiscal year 2022, the Station had \$1,014,157 in capital assets, net of accumulated depreciation. Depreciation for fiscal years 2024, 2023, and 2022 was \$163,084, \$159,370, and \$134,228, 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.

**Rogers State University – KRSU-Television
Management’s Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Economic Outlook

The Station’s financial position continues to remain strong. Institutional funding remains stable from the University and the Foundation and underwriting and sponsor agreements related to community outreach are stable or in progress due to transition in management.

Federal funding through the Corporation for Public Broadcasting and its Community Service Grants increased in the last cycle and is expected to remain stable through fiscal year 2025.

The Station continues to develop new programming to sustain and grow its audience and related members support throughout the 20+ county viewing areas in Oklahoma, Northwest Arkansas, and Southeast Kansas.

Rogers State University – KRSU-Television
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,018,809	\$ 2,733,831
Restricted cash	69,620	70,392
Funds held for the benefit of the Station	65,925	46,972
Accounts receivable	70,064	43,057
Prepaid expenses	21,537	35,377
Total Current Assets	3,245,955	2,929,629
Noncurrent Assets		
Capital assets, net	860,273	996,817
Total Noncurrent Assets	860,273	996,817
Total Assets	4,106,228	3,926,446
LIABILITIES		
Current Liabilities		
Accounts payable	8,528	14,425
Accrued compensated absences	54,100	50,764
Unearned revenue	20,000	18,750
Total Current Liabilities	82,628	83,939
Total Liabilities	82,628	83,939
NET POSITION		
Net investment in capital assets	860,273	996,817
Restricted – expendable	98,620	99,392
Unrestricted	3,064,707	2,746,298
Total Net Position	\$ 4,023,600	\$ 3,842,507

Rogers State University – KRSU-Television
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
CPB grants	\$ 822,406	\$ 755,752
In-kind contributions	6,903	6,903
Memberships	25,267	100,185
Underwriting	58,931	320,716
Continuing education	1,638	2,605
Other/private grants	20,000	58,437
Total Operating Revenues	<u>935,145</u>	<u>1,244,598</u>
Operating Expenses		
Salaries	609,202	550,129
Benefits	268,363	234,879
Contractual services	52,973	61,670
Training and travel	3,522	14,970
Supplies	253,293	455,920
Postage	4,627	3,911
Telecommunications	2,287	2,500
Print shop	11,147	8,678
Noncapitalized equipment and repairs	80,521	36,185
Depreciation	163,084	159,370
Indirect administrative support	285,279	312,281
In-kind tower space	6,903	6,903
Utilities	17,028	14,675
Total Operating Expenses	<u>1,758,229</u>	<u>1,862,071</u>
Operating Loss	<u>(823,084)</u>	<u>(617,473)</u>
Nonoperating Revenues		
General university appropriations	283,340	303,695
Donated facilities and indirect administrative support	281,372	306,724
On-behalf payments from OTRS	15,267	14,423
Interest income	74,198	41,805
Other grants	350,000	354,304
Total Nonoperating Revenues	<u>1,004,177</u>	<u>1,020,951</u>
Change in Net Position	181,093	403,478
Net Position, Beginning of Year	<u>3,842,507</u>	<u>3,439,029</u>
Net Position, End of Year	<u>\$ 4,023,600</u>	<u>\$ 3,842,507</u>

Rogers State University – KRSU-Television
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Cash received from contributions, grants, underwriting, and miscellaneous receipts	\$ 909,389	\$ 1,343,242
Cash paid to employees	(857,221)	(790,152)
Cash paid to suppliers	(430,007)	(649,575)
Net Cash Used in Operating Activities	<u>(377,839)</u>	<u>(96,485)</u>
Noncapital Financing Activities		
Other grants	350,000	325,139
Cash received from university appropriations	283,340	303,695
Net Cash Provided by Noncapital Financing Activities	<u>633,340</u>	<u>628,834</u>
Capital and Related Financing Activities		
Cash paid for capital assets	(26,540)	(142,030)
Net Cash Used in Capital and Related Financing Activities	<u>(26,540)</u>	<u>(142,030)</u>
Investing Activities		
Investment income	74,198	41,805
Transfer (to)/from Foundation	(18,953)	390,016
Net Cash Provided by Investing Activities	<u>55,245</u>	<u>431,821</u>
Change in Cash and Cash Equivalents	284,206	822,140
Cash and Cash Equivalents, Beginning of Year	<u>2,804,223</u>	<u>1,982,083</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,088,429</u>	<u>\$ 2,804,223</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 3,018,809	\$ 2,733,831
Restricted cash	69,620	70,392
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 3,088,429</u>	<u>\$ 2,804,223</u>

Rogers State University – KRSU-Television
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (823,084)	\$ (617,473)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	163,084	159,370
On-behalf payments from OTRS	15,267	14,423
Donated facilities and indirect administrative support	281,372	306,724
Changes in operating assets and liabilities		
Accounts receivable	(27,007)	94,475
Prepaid expenses	13,840	(11,764)
Accounts payable	(5,897)	(28,460)
Unearned revenue	1,250	4,167
Accrued compensated absences	3,336	(17,947)
Net Cash Used in Operating Activities	<u>\$ (377,839)</u>	<u>\$ (96,485)</u>

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, 2024 and 2023, 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.

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. An allowance for accounts receivable is not recorded since management believes all accounts are fully collectible.

Rogers State University – KRSU-Television
Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023 consisted of \$20,000 and \$18,750, respectively, in underwriting revenues related to amounts received by the Station that have not been earned.

Income Taxes

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

Programming

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

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 (CPB). For the years ended June 30, 2024 and 2023, 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 unrelated business income tax, 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, 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, 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.

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, 2024 or 2023.

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, 2024 and 2023, \$118,620 and \$99,392, 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 assets by the Station that is applicable to a future reporting period. At June 30, 2024 and 2023, the Station had no deferred outflows of resources.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net assets by the Station that is applicable to a future reporting period. At June 30, 2024 and 2023, the Station had no deferred inflows of resources.

Rogers State University – KRSU-Television
Notes to Financial Statements
June 30, 2024 and 2023

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.

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. (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, 2024 and 2023, the Foundation maintained funds on behalf of the Station totaling \$65,925 and \$46,972, 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
2024					
Other capital assets					
Building and tower	\$ 897,340	\$ -	\$ -	\$ -	\$ 897,340
Leasehold improvements	150,371	-	-	-	150,371
Station equipment	2,871,353	26,540	(733,209)	-	2,164,684
	<u>3,919,064</u>	<u>26,540</u>	<u>(733,209)</u>	<u>-</u>	<u>3,212,395</u>
Total other capital assets					
Less accumulated depreciation					
Building and tower	(180,409)	(42,211)	-	-	(222,620)
Leasehold improvements	(150,164)	(207)	-	-	(150,371)
Station equipment	(2,591,674)	(120,666)	733,209	-	(1,979,131)
	<u>(2,922,247)</u>	<u>(163,084)</u>	<u>733,209</u>	<u>-</u>	<u>(2,352,122)</u>
Capital assets, net	<u>\$ 996,817</u>	<u>\$ (136,544)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,273</u>

Rogers State University – KRSU-Television
Notes to Financial Statements
June 30, 2024 and 2023

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
2023					
Other capital assets					
Building and tower	\$ 897,340	\$ -	\$ -	\$ -	\$ 897,340
Leasehold improvements	150,371	-	-	-	150,371
Station equipment	<u>2,767,156</u>	<u>142,030</u>	<u>(37,833)</u>	<u>-</u>	<u>2,871,353</u>
Total other capital assets	<u>3,814,867</u>	<u>142,030</u>	<u>(37,833)</u>	<u>-</u>	<u>3,919,064</u>
Less accumulated depreciation					
Building and tower	(137,290)	(43,119)	-	-	(180,409)
Leasehold improvements	(149,271)	(893)	-	-	(150,164)
Station equipment	<u>(2,514,149)</u>	<u>(115,358)</u>	<u>37,833</u>	<u>-</u>	<u>(2,591,674)</u>
	<u>(2,800,710)</u>	<u>(159,370)</u>	<u>37,833</u>	<u>-</u>	<u>(2,922,247)</u>
Capital assets, net	<u>\$ 1,014,157</u>	<u>\$ (17,340)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 996,817</u>

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, 2024 and 2023, 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 \$281,372 and \$306,724 for 2024 and 2023, respectively. The Station also received direct appropriations from the University for general operations of \$283,340 and \$303,695 in 2024 and 2023, respectively. Amounts due from the University were \$6,302 and \$9,644 as of June 30, 2024 and 2023, respectively, and recorded in accounts receivable.

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.

Rogers State University – KRSU-Television
Notes to Financial Statements
June 30, 2024 and 2023

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/.

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% and 8.55% for the fiscal years ended June 30, 2024 and 2023, respectively. Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2024 and 2023. 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, 2024 and 2023 were approximately \$115,000 and \$100,000, 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 2024 and 2023, the State of Oklahoma contributed 5.25% 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.

For the years ended June 30, 2024 and 2023, the total amount contributed to the OTRS by the State of Oklahoma on behalf of the Station was approximately \$15,300 and \$14,400, 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, 2024 and 2023 attributable to Station employees were approximately \$7,500 and \$8,700, respectively.

Rogers State University – KRSU-Television
Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023, the University made benefit payments of approximately \$68,000 and \$54,000, respectively, for current retirees.

The University recognized a net OPEB asset of approximately \$199,000 and \$13,000 as of June 30, 2024 and 2023, respectively. The asset has not been recorded at the department level of the Station as this asset does not represent a direct asset of the Station. Only the estimated expenses associated with contributions made during the year by the Station are recognized as expense.

Note 8. Functional Expenses Classification

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

	<u>2024</u>	<u>2023</u>
Program services		
Programming and production	\$ 617,384	\$ 435,558
Broadcasting	475,401	603,042
Program information	<u>65,202</u>	<u>103,297</u>
Total program services	<u>1,157,987</u>	<u>1,141,897</u>
Support services		
Fundraising and membership	16,133	22,077
Underwriting	2,660	6,144
Management and general	<u>581,449</u>	<u>691,953</u>
Total support services	<u>600,242</u>	<u>720,174</u>
Total	<u>\$ 1,758,229</u>	<u>\$ 1,862,071</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.

Rogers State University – KRSU-Television
Notes to Financial Statements
June 30, 2024 and 2023

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, 2024, the Station received \$822,406 and expended \$813,185 in grant revenue in relation to CSGs. For the year ended June 30, 2023, the Station received \$755,752 and expended \$724,611 in grant revenue in relation to CSGs.

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.

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 (*Government Auditing Standards*), the financial statements of Rogers State University – KRSU-Television (Station), which comprise the Station's statement of net position as of June 30, 2024 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 20, 2024, 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.

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 Mazars, LLP

**Tulsa, Oklahoma
December 20, 2024**