MURRAY STATE UNIVERSITY
WKMS-FM RADIO
FINANCIAL STATEMENTS
JUNE 30, 2023

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Murray State's NPR Station

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DEANDORTON

Report of Independent Auditors

Members of the Board of Regents
Murray State University
WKMS-FM Radio
Murray, Kentucky

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Dean Dorton Allen Ford, PLLC

Lexington,Kentucky
November 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023 and 2022

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of WKMS-FM Radio Station (the Station) for the years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Station is located on the campus of Murray State University (the University). WKMS broadcasts National Public Radio and local programs that inform, enrich and entertain in concert with the mission of the University. The Station's skilled staff, students and volunteers serve listeners with comprehensive music and information programs that reflect current affairs, history and cultures.

Using the Financial Statements

The financial statements consist of Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and Notes to the Financial Statements. These financial statements and accompanying Notes are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

The Station implemented GASB Statement No. 87 *Leases* in fiscal year 2022 with a retroactive restatement of the financial statements for fiscal year 2021. This standard requires reporting changes for both lessee and lessor transactions. The implementation of this standard had the following effect on the Statements of Net Position:

	2023	2022	2021
Lease receivable	$ 145,366	$ 161,768	$ 177,342
Leased assets	1,585	1,585	1,585
Less accumulated amortization	(1,585)	(1,025)	(466)
	145,366	162,328	178,461
Lease payable	—	580	1,137
Deferred inflows related to leases	92,489	106,595	120,701
Adjustment to Net Position	$ 52,877	$ 55,153	$ 56,623

Statements of Net Position

The Statements of Net Position present a financial picture of the Station's financial condition at the end of the 2023 and 2022 fiscal years by reporting assets (current and noncurrent), liabilities (current and noncurrent), deferred inflows of resources, and net position (assets less liabilities and deferred inflows).

Assets

Total assets at the end of the fiscal year 2023 were $2,341,789, of which cash and cash equivalents represented the largest portion. This group of assets totaled $1,469,186 or 63 percent of total assets. For fiscal year 2023, total assets decreased by ($38,772) due to a decrease in cash and cash equivalents, a decrease in accounts and lease receivable, a decrease in capital assets related to accumulated depreciation and asset disposal, and offset by an increase in restricted investments.

Total assets at the end of the fiscal year 2022 were $2,380,561, of which cash and cash equivalents represented the largest portion. This group of assets totaled $1,562,759 or 66 percent of total assets. For fiscal year 2022, total assets decreased by ($29,307) due to a decrease in cash and cash equivalents, a decrease in lease receivable, a decrease in capital assets related to accumulated depreciation, and offset by an increase in restricted investments.

Liabilities

Total liabilities at the end of the fiscal year 2023 were $126,642. Amounts payable to vendors and for payroll related obligations totaled $45,322 or 36 percent of total liabilities. For fiscal year 2023, total liabilities decreased by ($82,165) due primarily to a decrease in amounts payable to vendors and payments made during the fiscal year on the related party note payable established in fiscal year 2021.

Total liabilities at the end of the fiscal year 2022 were $208,807. Amounts payable to vendors and for payroll related obligations totaled $76,003 or 36 percent of total liabilities. For fiscal year 2022, total liabilities decreased by ($36,057) due primarily to payments made during the fiscal year on the related party note payable established in fiscal year 2021.

Net Position

Net position was $2,122,658 at the end of fiscal year 2023 and was divided into three major categories, defined as follows:

- Net investment in capital assets - This category represents the Station's equity in equipment.

- Restricted - This category represents those assets restricted by an individual or entity external to the Station. Restricted expendable net assets represent the assets that may be expended by the Station, but must be spent for purposes as defined by the donor or external entity. Nonexpendable restricted net asset amounts represent amounts in which that the principal is to be maintained in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.

- Unrestricted - This category represents the net assets held by the Station that have no formal restrictions placed upon them.

			Restated
	2023	**2022**	**2021**
Assets			
Current assets	$ 636,822	$ 719,632	$ 901,333
Noncurrent assets	1,600,040	1,507,761	1,328,384
Capital assets	104,927	152,608	179,032
Leased assets	—	560	1,119
Total Assets	2,341,789	2,380,561	2,409,868
Liabilities			
Current liabilities	126,642	162,141	150,951
Noncurrent liabilities	—	46,666	93,913
Total Liabilities	126,642	208,807	244,864
Deferred Inflows of Resources	92,489	106,595	120,701
Net Position			
Invested in capital assets, net of related debt and depreciation	111,138	59,275	39,032
Restricted for:			
Nonexpendable	443,473	435,235	335,979
Expendable:			
Operations and other	1,072,711	984,927	1,051,299
Unrestricted	495,336	585,722	617,993
Total Net Position	$ 2,122,658	$ 2,065,159	$ 2,044,303

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred and income or loss from operations for the current and prior fiscal years. Activities are reported as either operating or non-operating. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position.

Revenues

Total operating revenues, which exclude University appropriations, for the fiscal year 2023 were $317,848. The primary source of operating revenues was from business and industry underwriting of $241,129.

Non-operating revenues for the fiscal year 2023, which included grants and contracts and University appropriations, totaled $1,253,874. Grant and contract revenues related to non-exchange type agreements are classified as non-operating revenues, unless the funds were used in capital projects. In this case, grants and contract revenues used to fund capital projects are classified as capital grants. In a non-exchange agreement, the Station receives dollars from another party without directly giving a service or product of equal value in exchange. Total non-operating revenues and expenses increased by $104,363 during the year, which was primarily due to an increase in investment income from prior year losses due to more favorable market performance over the last fiscal year.

The Station received $241,954 of the University's appropriations and $349,845 of administrative support for the fiscal year 2023, which are classified as non-operating revenues. These funds were used to support station operating activities.

The Station received $278,816 of the University's appropriations and $337,267 of administrative support for the fiscal year 2022, which are classified as non-operating revenues. These funds were used to support station operating activities.

Expenses

Total operating expenses for the fiscal year 2023 were $1,491,803. Total program services and supporting services expenses were $880,194 and $584,626, respectively. Depreciation expense was not allocated to each program group, but presented as a single expense item representing depreciation for all areas of the Station. Depreciation expense totaled $26,423 or 2 percent of total operating expenses.

Total operating expenses for the fiscal year 2022 were $1,514,128. Total program services and supporting services expenses were $879,624 and $607,521, respectively. Depreciation expense was not allocated to each program group, but presented as a single expense item representing depreciation for all areas of the Station. Depreciation expense totaled $26,424 or 2 percent of total operating expenses.

	2023	2022	2021
Operating Revenues	$ 317,848	$ 407,893	$ 388,488
Operating Expenses	1,491,803	1,514,128	1,393,297
Operating Loss	(1,173,955)	(1,106,235)	(1,004,809)
Nonoperating Revenues and Expenses	1,231,454	1,127,091	1,573,374
Change In Net Position	57,499	20,856	568,565
Net Position - Beginning of Year	2,065,159	2,044,303	1,419,115
Restatement of 2021 beginning net position for GASB 87 Leases	—	—	56,623
Net Position - Beginning of Year	2,065,159	2,044,303	1,475,738
Net Position - End Of Year	$ 2,122,658	$ 2,065,159	$ 2,044,303

Statements of Cash Flows

The Statements of Cash Flows provide a summary of the sources and uses of cash by defined categories. The primary purposes of the Statement of Cash Flows are to provide information about the Station's cash receipts and payments during the years and to help assess the Station's ability to generate future net cash flows and meet obligations as they become due.

For 2023, the major source of cash from operating activities was business and industry underwriting of $254,834. The most significant use of cash for operating activities were payments for salaries, wages and benefits of $674,876.

The cash flows from noncapital financing activities decreased by ($75,299) in fiscal year 2023 primarily due to a decrease in cash flows from subscriptions and memberships and general appropriation from the University. Cash flows from subscriptions and memberships, which was the largest source of cash for the Station, decreased from the prior fiscal year by ($8,503).

The cash flows from capital financing activities represent cash used for the acquisition, construction and renovation of capital assets which decreased cash by ($39,911) in fiscal year 2023.

The cash flows from investing activities represent the cash activities of investments related to restricted investments which decreased cash by ($16,627) in fiscal year 2023.

For 2022, the major source of cash from operating activities was business and industry underwriting of $202,633. The most significant use of cash for operating activities were payments for salaries, wages and benefits of $726,109.

The cash flows from noncapital financing activities decreased by ($401,913) in fiscal year 2022 primarily due to a decrease in cash flows from grants and contracts. Cash flows from subscriptions and memberships, which was the largest source of cash for the Station, and gifts also decreased from the prior fiscal year.

The cash flows from capital financing activities represent cash used for the acquisition, construction and renovation of capital assets which decreased cash by ($39,806) in fiscal year 2022.

The cash flows from investing activities represent the cash activities of investments related to restricted investments which decreased cash by ($106,377) in fiscal year 2022.

Capital Assets and Debt Administration

The Station had a decrease in capital assets, before accumulated depreciation, related to disposal of equipment and did not acquire any debt during fiscal year 2023.

The Station did not have a change in capital assets, before accumulated depreciation, and did not acquire any debt during fiscal year 2022.

Economic Factors Affecting Future Periods

- Appropriations decisions by the United States Congress may impact grants from the Corporation for Public Broadcasting, which in turn, may impact the Station's budget for programming expenses.

- Changing economic conditions in the region will continue to have an impact upon the underwriting and fundraising efforts of the Station.

Contacting The Station's Financial Management

This financial report is designed to provide a general overview of the Station's finances and to show the Station's accountability for the money it receives. Additional details can be requested by mail at the following address:

WKMS Radio Station
Asia Burnett, Station Manager
Murray State University
2018 University Station
Murray, Kentucky 42071

MURRAY STATE UNIVERSITY
WKMS-FM RADIO

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 365,602	$ 404,772
Accounts receivable, net of allowance and discount of $17,473 in 2023 and $25,660 in 2022	118,823	152,500
Lease receivable	145,366	161,768
Prepaid expenses	7,031	592
Total Current Assets	636,822	719,632
Noncurrent Assets		
Restricted cash and cash equivalents	1,103,584	1,157,987
Restricted investments	496,456	349,774
Capital assets	933,682	954,940
Accumulated depreciation	(828,755)	(802,332)
Leased assets	1,585	1,585
Accumulated amortization	(1,585)	(1,025)
Total Noncurrent Assets	1,704,967	1,660,929
Total Assets	2,341,789	2,380,561
Liabilities		
Current Liabilities		
Accounts payable, accrued payroll and benefits	45,322	76,003
Related party note payable - current portion	46,666	46,667
Lease payable - current portion	—	580
Unearned revenue	34,654	38,891
Total Current Liabilities	126,642	162,141
Noncurrent Liabilities		
Related party note payable, net of current portion	—	46,666
Total Noncurrent Liabilities	—	46,666
Total Liabilities	126,642	208,807
Deferred Inflows of Resources		
Deferred inflows of resources related to leases	92,489	106,595
Total Deferred Inflows of Resources	92,489	106,595
Net Position		
Net investment in capital assets	111,138	59,275
Restricted for:		
Nonexpendable	443,473	435,235
Expendable:		
Operations and other	1,072,711	984,927
Unrestricted	495,336	585,722
Total Net Position	$ 2,122,658	$ 2,065,159

See the accompanying notes to financial statements.

MURRAY STATE UNIVERSITY
WKMS-FM RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Business and industry underwriting	$ 241,129	$ 230,617
In-kind contributions	59,614	150,985
Other	17,105	26,291
Total Operating Revenues	317,848	407,893
Operating Expenses		
Program Services:		
Programming and production	550,474	480,842
Broadcasting	159,502	230,872
Program information	170,218	167,910
Total Program Services	880,194	879,624
Supporting Services:		
Management and general	584,626	530,293
Fund-raising	—	38,614
Underwriting and grant support	—	38,614
Total Supporting Services	584,626	607,521
Depreciation	26,423	26,424
Amortization - leases	560	559
Total Operating Expenses	1,491,803	1,514,128
Operating Loss	(1,173,955)	(1,106,235)
Nonoperating Revenues and Expenses		
General appropriation from the University	241,954	278,816
Direct administrative support from the University	9,766	8,822
Indirect administrative support from the University	340,079	328,445
Community service grants from Corporation for Public Broadcasting	202,442	178,332
Emergency grant from Corporation for Public Broadcasting	—	30,000
Local and private grants and contracts	7,599	12,579
Subscriptions and memberships	306,151	314,654
Gifts	7,550	24,625
Investment income (loss)	130,415	(56,043)
Interest on related party note payable	(1,152)	(1,853)
Interest earned on leased assets	7,918	8,747
Interest on leased asset-related debt	(10)	(33)
Loss on deletion and disposal of capital assets	(21,258)	—
Total Nonoperating Revenues and Expenses	1,231,454	1,127,091
Increase In Net Position	57,499	20,856
Net Position - Beginning of Year	2,065,159	2,044,303
Net Position - End Of Year	$ 2,122,658	$ 2,065,159

See the accompanying notes to financial statements.

MURRAY STATE UNIVERSITY
WKMS-FM RADIO

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Business and industry	$ 254,834	$ 202,633
Payments to employees	(674,876)	(726,109)
Payments to suppliers	(418,185)	(256,131)
Other operating revenues	33,507	43,893
Net Cash (Used In) Operating Activities	(804,720)	(735,714)
Cash Flows From Noncapital Financing Activities		
General appropriation from the University	241,954	278,816
Grants and contracts	209,455	224,204
Subscriptions and memberships	306,151	314,654
Gifts	23,871	39,056
Deferred inflows leases	(14,106)	(14,106)
Net Cash Provided By Noncapital Financing Activities	767,325	842,624
Cash Flows From Capital Financing Activities		
Principal paid on related party note payable	(46,667)	(46,667)
Interest paid on related party note payable	(1,152)	(1,853)
Interest earned on leased assets	7,918	8,747
Interest paid on leased asset related debt	(10)	(33)
Net Cash (Used In) Capital Financing Activities	(39,911)	(39,806)
Cash Flows Provided By Investing Activities		
Purchase of investments	(30,306)	(117,076)
Investment income	14,039	10,699
Net Cash (Used In) Investing Activities	(16,267)	(106,377)
Net (Decrease) In Cash And Cash Equivalents	(93,573)	(39,273)
Cash And Cash Equivalents - Beginning Of Year	1,562,759	1,602,032
Cash And Cash Equivalents - End Of Year	1,469,186	1,562,759
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities:		
Operating loss	(1,173,955)	(1,106,235)
Donated facilities and administration expense	349,845	337,267
Depreciation expense	26,423	26,424
Amortization - leases expense	560	559
Bad debt recovery	(1,167)	(1,103)
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	12,362	(28,007)
(Increase)/Decrease in lease receivable	16,402	15,574
(Increase)/Decrease in prepaid expenses	(6,439)	3,151
Increase/(Decrease) in accounts payable and accrued expenses	(27,769)	13,991
Increase/(Decrease) in accrued compensation	(2,912)	69
Increase/(Decrease) in lease payable	(580)	(557)
Increase/(Decrease) in unearned revenue	2,510	3,153
Net Cash (Used In) Operating Activities	$ (804,720)	$ (735,714)
Supplemental Cash Flow Information		
Donated facilities and administrative support from the University	$ 349,845	$ 337,267
In-kind contributions	59,614	150,985
Unrealized gain (loss) on investments	116,376	(66,742)

NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Nature of Organization

WKMS-FM Radio (the Station) is operated by and receives support from Murray State University (the University). The Station is included in the financial statements of the University.

Murray State University Foundation, Inc. (the Foundation) is a Kentucky not-for-profit corporation formed to receive and invest funds for the enhancement and improvement of the University. The Foundation is a fundraising organization which administers certain funds on behalf of the University. The Foundation coordinates the receipt of contributions and disbursements of those receipts for the Station.

Basis of Accounting and Financial Statement Presentation

The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented 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.

Restricted Cash, Cash Equivalents and Investments

Cash and investments that are held by both the Station and the Foundation that are externally restricted are classified as restricted assets. These assets are used to purchase capital or other noncurrent assets, or for other restricted purposes. Restricted investments held by the Foundation on behalf of the Station are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

Accounts Receivable

Accounts receivable consist of grants and amounts to be received from business, industry, contribution, subscription and membership activities. Accounts receivable are recorded net of discounts and uncollectible amounts.

Capital Assets

All capital assets, as defined by University policy, are recorded at cost at the date of acquisition, or if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The following estimated useful lives are being used by the Station:

Asset	Estimated Life
Buildings	40 years
Nonbuiding improvements	8-20 years
Equipment	5-15 years

Unearned Revenue

Unearned revenues include amounts received from business and industry underwriting and grant and contract sponsors for which eligibility requirements have not been fully satisfied or that have not yet been earned.

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 outstanding debt obligations and accumulated depreciation related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - nonexpendable: Nonexpendable restricted net position amounts represent amounts in which donors or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.

Restricted net position - expendable: Restricted expendable net position include resources in which the Station is legally or contractually obligated to spend in accordance with time or purpose restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represent resources derived from underwriting sales and other sources. These resources are used for transactions relating to general operations of the Station, and may be used at the discretion of the governing board to meet current expenses or for any purpose.

Classification of Revenues

The Station has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) business and industry underwriting, (2) in-kind contribution revenues, and (3) tower equipment rentals and other.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions. In a non-exchange transaction, the Station receives value without directly giving equal value back, such as a gift or grant for which there is no return requirement. Additionally, certain significant revenues relied upon for operations, such as appropriations, donated facilities, and administrative support from the University as well as investment income are recorded as non-operating revenues, in accordance with GASB No. 35.

Pledges and Contributions

The Station engages in periodic fundraising campaigns evidenced by on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial donations are frequently made by pledges received from responding listeners. Subscription and membership pledge receipts are recognized as revenue in the period received. Contribution receipts are recognized as gift revenue in the period in which the donor agreement is signed. An allowance for uncollectible contributions receivable is provided based upon the Station's judgment including such factors as prior collection history and general economic factors. Contributions and collected pledges are components of non-operating revenues.

Facilities and Administrative Support

The portion of the University's facilities and administration support attributable to the Station's operations and the value of space provided to the Station by the University are included as revenues and expenses, and are computed in accordance with guidelines established by the Corporation for Public Broadcasting. Total donated facilities and administrative support from the University including in-kind contributions were $349,845 and $337,267 for the years ended June 30, 2023 and 2022, respectively.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are included with accrued payroll and as a component of compensation and benefit expense. Sick leave benefits are expected to be realized as paid time off or used to purchase service credits upon retirement for Tier 1 employees hired prior to 9/1/2008 and Tier 2 employees hired after 9/1/2008 and before 12/31/2013 in the Kentucky Employee Retirement System (KERS). These are recognized as an expense when the time off occurs or when service credit payments are incurred. Tier 3 employees hired after 12/31/2013 in KERS are not eligible for sick leave credit. No liability is accrued for sick leave benefits for employees participating in the Teachers' Retirement System (TRS) or employees with optional retirement plans (ORP).

Use of Estimates

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Accounts Receivable

Accounts receivable consist of:

	2023	2022
Business and industry underwriting	$ 73,192	$ 85,554
Contributions	63,104	86,445
Other	—	6,161
Allowance for doubtful accounts	(3,155)	(4,322)
Unamortized discount	(14,318)	(21,338)
	$ 118,823	$ 152,500

3. Deposits and Investments

Deposits

For administrative purposes, cash balances of the Station are included in bank accounts maintained by the University and the Foundation. Details of accounting transactions affecting cash are maintained by each entity. At June 30, 2023 and 2022, the carrying amounts of the Station's deposits were $1,469,186 and $1,562,759, respectively.

Currently the University maintains its deposits, outside of those held by the Commonwealth of Kentucky, in interest-bearing accounts at FDIC-insured institutions. All accounts are insured up to $250,000. The deposits in these interest-bearing accounts are covered by an irrevocable, unconditional, and nontransferable letter of credit issued by Federal Home Loan Bank of Cincinnati.

The University also maintains cash deposits with the Commonwealth of Kentucky, as overseen by the State Investment Commission (Commission). The Commission is charged with the oversight of the Commonwealth's investment programs pursuant to KRS 42.500. The Commonwealth's investments are categorized into two distinct classifications or "pools." The Short-Term Pool consists primarily of General Fund cash balances. The Intermediate-Term Pool and the Limited Term Pool represent Agency fund investments, state held component unit and fiduciary fund accounts held for the benefit of others by the state. Shares of each pool represent a divisible interest in the underlying securities and are not federally insured or guaranteed by the U.S. Government, Federal Deposit Insurance Corporation or any federal agency. The pools have not been approved by the Securities and Exchange Commission. The University's shares within the pools may indirectly expose it to risks associated with fixed income investments; however, specific information about any such transactions is not available to the University.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk other than compliance with the provisions of state law.

Cash and cash equivalents as presented in the statements of net position captions include:

	2023	2022
Current cash and cash equivalents	$ 365,602	$ 404,772
Restricted cash and cash equivalents	1,103,584	1,157,987
	$ 1,469,186	$ 1,562,759

4. Capital and Leased Assets

Capital and leased asset activity for the year ended June 30, 2023 was:

	Balance 2022	Additions	Transfers	Deletions/ Retirements	Balance 2023
Capital Assets					
Nonbuilding improvements	$ 294,361	$ —	$ —	$ —	$ 294,361
Equipment	660,579	—	—	(21,258)	639,321
Less: Accumulated depreciation	802,332	26,423	—	—	828,755
Capital assets, net	**$ 152,608**	**$ (26,423)**	**$ —**	**$ (21,258)**	**$ 104,927**
Leased Assets					
Equipment	$ 1,585	$ —	$ —	$ —	$ 1,585
Less: Accumulated amortization	1,025	560	—	—	1,585
Leased assets, net	**$ 560**	**$ (560)**	**$ —**	**$ —**	**$ —**

Capital and leased asset activity for the year ended June 30, 2022 was:

	Balance 2021	Additions	Transfers	Deletions/ Retirements	Balance 2022
Capital Assets					
Nonbuilding improvements	$ 294,361	$ —	$ —	$ —	$ 294,361
Equipment	660,579	—	—	—	660,579
Less: Accumulated depreciation	775,908	26,424	—	—	802,332
Capital assets, net	**$ 179,032**	**$ (26,424)**	**$ —**	**$ —**	**$ 152,608**
Leased Assets					
Equipment	$ 1,585	$ —	$ —	$ —	$ 1,585
Less: Accumulated amortization	466	559	—	—	1,025
Leased assets, net	**$ 1,119**	**$ (559)**	**$ —**	**$ —**	**$ 560**

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30 consisted of:

	2023	2022
Current Liabilities		
Accounts payable - vendors	$ 10,949	$ 39,168
Accrued payroll and benefits	34,373	36,835
	$ 45,322	$ 76,003

6. Related Party Note Payable

During the fiscal year ending June 30, 2021, WKMS entered into a loan agreement with the University in the amount of $140,000. The funds received were used to purchase a new broadcast transmitter for the Station. The term of the note is 3 years with the final payment due December 31, 2023. An administrative fee of $75 is assessed per $5,000 of outstanding principal.

The following is a summary of the note payable transactions for the Station for the year ended June 30, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Note Payable	$ 93,333	$ —	$ (46,667)	$ 46,666	$ 46,666	$ —

The following is a summary of the note payable transactions for the Station for the year ended June 30, 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Note Payable	$ 140,000	$ —	$ (46,667)	$ 93,333	$ 46,667	$ 46,666

A schedule of mandatory principal payments and related fees is presented below:

Years Ending	Principal	Fees	Total Payments
2024	$ 46,666	$ 453	$ 47,119
Total	$ 46,666	$ 453	$ 47,119

7. Leases

The Station, as a lessee, has entered into a lease agreement for printing and copying equipment. At June 30, 2023, leased assets were recorded at a cost of $1,585 less accumulated amortization of $1,585. The final lease payment under this agreement was made during fiscal year 2023.

The Station, as a lessor, has entered into lease agreement involving communications tower site space. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the fiscal year was $22,024. The future inflows related to this agreement are presented below:

Years Ending June 30	Lease Revenue	Interest Revenue	Total Payments
2024	$ 14,106	$ 7,044	$ 21,150
2025	14,106	6,109	20,215
2026	14,106	5,028	19,134
2027	14,106	3,871	17,977
2028	14,107	2,653	16,760
2029-2030	21,958	1,551	23,509
Total	$ 92,489	$ 26,256	$ 118,745

8. Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on non-federal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria of each.

A "contribution" is cash, property, or services given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational public broadcast television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station were $1,176,720 and $1,320,982 for the years ended June 30, 2023 and 2022, respectively.

9. Community Service Grants (CSGs)

The Station receives a Community Service Grant (CSG) from the Corporation for Public Broadcasting annually. The Station records this revenue when received. The CSG's awarded and expended during the recent three fiscal years were as follows:

	Grant Awards	Expended As Of June 30, 2023	2022	2021	Uncommitted Balance
2020-2022	$ 161,120	$ —	$ 156,420	$ 4,700	$ —
2021-2023	178,332	132,930	28,843	—	16,559
2022-2024	202,442	58,233	—	—	144,209

10. Natural Expense Classifications

The Station's operating expenses by natural classification for the years ended June 30, 2023 and 2022 were as follows:

	Program Services	Management And General	Fundraising And Membership	Total 2023	Total 2022
Compensation and benefits	$ 542,532	$ 129,883	$ —	$ 672,415	$ 726,177
Operating expenses	337,662	448,601	—	786,263	743,720
Noncapitalized equipment	—	6,142	—	6,142	17,248
	880,194	584,626	—	1,464,820	1,487,145
Depreciation	26,423	—	—	26,423	26,424
Amortization - leases	560	—	—	560	559
	$ 907,177	$ 584,626	$ —	$ 1,491,803	$ 1,514,128

11. Pension and Other Postemployment Benefit Liabilities

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the University must recognize a proportional share of the net pension liability for the Kentucky Employees Retirement System (KERS) and the Teachers' Retirement System (TRS) of Kentucky cost sharing state pension plans in which the University participates. This reporting requirement became effective for the fiscal year ending June 30, 2015.

In accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*, the University must recognize a proportional share of the net OPEB liability for the KERS and TRS cost sharing state pension plans in which the University participates. This reporting requirement became effective for the fiscal year ending June 30, 2018.

The University reported a liability of $171,727,550 and $161,610,018 for the years ended June 30, 2023 and 2022, respectively, for its proportionate shares of the net pension and OPEB liabilities in the plans. The net pension/OPEB liability for KERS and TRS plans were measured as of June 30, 2022 and 2021 and the total pension/OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for all plans.

The University's proportions of the net pension/OPEB liabilities were based on projections of the University's long-term share of contributions to the pension/OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the University's proportional share of pensions was 0.682238 percent for KERS-nh, 0.330614 percent for KERS-h, and 0.302319 percent for TRS and proportional share of OPEB was 0.521679 percent for KERS-nh, 0.330497 percent for KERS-h, 0.571582 percent for TRS-medical, and 0.881983 percent for TRS-life. At June 30, 2021, the University's proportional share of pensions was 0.686639 percent for KERS-nh, 0.366704 percent for KERS-h, and 0.332672 percent for TRS and proportional share of OPEB was 0.661034 percent for KERS-nh, 0.366672 percent for KERS-h, 0.379104 percent for TRS-medical, and 0.873016 percent for TRS-life.

The Station is a department of the University; therefore, no balances were allocated to the Station. Please refer to the University's financial statements for a complete and comprehensive disclosure of the University's pension plans.

12. Stabilization Funds

In March 2020, the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* was passed by Congress to assist businesses as a result of the economic impact caused by COVID-19. The CARES Act included unrestricted emergency stabilization funds for public media. In March 2021, the American Rescue Plan Act provided additional restricted funds for public media. The Corporation of Public Broadcasting (CPB) Board of Directors approved a distribution plan of these funds to radio and television grantees. The Station received a total of $326,555 in emergency stabilization funds. The emergency stabilization funds received do not have an expenditure period. As of June 30, 2023, the Station has expended $126,517 of these funds.