

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION
COMBINED FINANCIAL REPORT
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

University of Central Oklahoma, Licensee
KUCO-FM Radio and the Board of Trustees of
KCSC Classical Radio Foundation
Edmond, Oklahoma

Opinion

We have audited the accompanying combined financial statements of KUCO-FM Radio and KCSC Classical Radio Foundation (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of KUCO-FM Radio and KCSC Classical Radio Foundation as of June 30, 2022 and 2021, and the changes in its net assets 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of KUCO-FM Radio and KCSC Classical Radio Foundation 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 KUCO-FM Radio and KCSC Classical Radio Foundation'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 KUCO-FM Radio and KCSC Classical Radio Foundation'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.

Luton & Co., PLLC

Edmond, Oklahoma
November 1, 2022

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2022

ASSETS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
CURRENT ASSETS				
Cash and cash equivalents	\$ 875,208	\$ 58,544	\$ -	\$ 933,752
Time deposits	-	595,000	-	595,000
Grant receivable	-	-	-	-
Accrued interest receivable	-	772	-	772
Prepaid expenses	-	720	-	720
Total current assets	<u>875,208</u>	<u>655,036</u>	<u>-</u>	<u>1,530,244</u>
PROPERTY AND EQUIPMENT				
Transmitter buildings	596,547	-	-	596,547
Broadcast towers and equipment	2,374,708	-	-	2,374,708
Office furniture and equipment	57,794	-	-	57,794
Land	12,551	-	-	12,551
	<u>3,041,600</u>	<u>-</u>	<u>-</u>	<u>3,041,600</u>
Less accumulated depreciation	1,605,426	-	-	1,605,426
Total property and equipment	<u>1,436,174</u>	<u>-</u>	<u>-</u>	<u>1,436,174</u>
OTHER ASSETS				
Funds held by Community Foundation	-	112,828	-	112,828
Total other assets	<u>-</u>	<u>112,828</u>	<u>-</u>	<u>112,828</u>
Total assets	<u>\$ 2,311,382</u>	<u>\$ 767,864</u>	<u>\$ -</u>	<u>\$ 3,079,246</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 3,430	\$ 6,939	\$ -	\$ 10,369
Accrued compensated absences	23,114	-	-	23,114
Total current liabilities	<u>26,544</u>	<u>6,939</u>	<u>-</u>	<u>33,483</u>
NET ASSETS				
Net assets without donor restrictions	2,284,838	644,410	-	2,929,248
Net assets without donor restrictions - board designated endowment	-	112,828	-	112,828
	<u>2,284,838</u>	<u>757,238</u>	<u>-</u>	<u>3,042,076</u>
Net assets with donor restrictions	-	3,687	-	3,687
Total net assets	<u>2,284,838</u>	<u>760,925</u>	<u>-</u>	<u>3,045,763</u>
Total liabilities and net assets	<u>\$ 2,311,382</u>	<u>\$ 767,864</u>	<u>\$ -</u>	<u>\$ 3,079,246</u>

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2021

ASSETS	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
CURRENT ASSETS				
Cash and cash equivalents	\$ 813,028	\$ 115,093	\$ -	\$ 928,121
Time deposits	-	485,000	-	485,000
Grant receivable	84,785	-	-	84,785
Accrued interest receivable	-	339	-	339
Prepaid expenses	4,694	-	-	4,694
Total current assets	<u>902,507</u>	<u>600,432</u>	<u>-</u>	<u>1,502,939</u>
PROPERTY AND EQUIPMENT				
Transmitter buildings	596,547	-	-	596,547
Broadcast towers and equipment	2,374,708	-	-	2,374,708
Office furniture and equipment	57,794	-	-	57,794
Land	12,551	-	-	12,551
	<u>3,041,600</u>	<u>-</u>	<u>-</u>	<u>3,041,600</u>
Less accumulated depreciation	1,486,565	-	-	1,486,565
Total property and equipment	<u>1,555,035</u>	<u>-</u>	<u>-</u>	<u>1,555,035</u>
OTHER ASSETS				
Funds held by Community Foundation	-	134,994	-	134,994
Total other assets	<u>-</u>	<u>134,994</u>	<u>-</u>	<u>134,994</u>
Total assets	<u>\$ 2,457,542</u>	<u>\$ 735,426</u>	<u>\$ -</u>	<u>\$ 3,192,968</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 6,024	\$ 16,032	\$ -	\$ 22,056
Accrued compensated absences	22,317	-	-	22,317
Total current liabilities	<u>28,341</u>	<u>16,032</u>	<u>-</u>	<u>44,373</u>
NET ASSETS				
Net assets without donor restrictions	2,429,201	580,713	-	3,009,914
Net assets without donor restrictions - board designated endowment	-	134,994	-	134,994
	<u>2,429,201</u>	<u>715,707</u>	<u>-</u>	<u>3,144,908</u>
Net assets with donor restrictions	-	3,687	-	3,687
Total net assets	<u>2,429,201</u>	<u>719,394</u>	<u>-</u>	<u>3,148,595</u>
Total liabilities and net assets	<u>\$ 2,457,542</u>	<u>\$ 735,426</u>	<u>\$ -</u>	<u>\$ 3,192,968</u>

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF ACTIVITIES
Year ended June 30, 2022

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue and support				
Contributions and memberships	\$ 184,065	\$ 131,351		\$ 315,416
Appropriations from licensee	261,562	-	-	261,562
Grants	97,385	-	-	97,385
Tower rentals	97,191	-	-	97,191
In-kind contributions	4,866	-	-	4,866
Indirect administrative support	156,222	-	-	156,222
Investment income (loss)	(2,362)	(15,164)	-	(17,526)
Net assets released from restrictions	-	-	-	-
Total revenue and support	798,929	116,187	-	915,116
Expenses				
Programming services				
Programming and production	309,109	799		309,908
Broadcasting and technical	306,038	23,902		329,940
Program information	1,302	-	-	1,302
Total program expenses	616,449	24,701	-	641,150
Support services				
Fundraising	30,994	38,944	-	69,938
Management and general	295,849	11,011	-	306,860
Total supporting expenses	326,843	49,955	-	376,798
Total expenses	943,292	74,656	-	1,017,948
Change in net assets without donor restrictions	(144,363)	41,531	-	(102,832)
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-
Change in net assets	(144,363)	41,531	-	(102,832)
Net assets, beginning of year	2,429,201	719,394	-	3,148,595
Net assets, end of year	\$ 2,284,838	\$ 760,925	\$ -	\$ 3,045,763

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF ACTIVITIES
Year ended June 30, 2021

	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue and support				
Contributions and memberships	\$ 194,297	\$ 100,833	\$ (17,533)	\$ 277,597
Appropriations from licensee	270,008	-	-	270,008
Grants	218,939	-	-	218,939
Tower rentals	87,430	-	-	87,430
In-kind contributions	9,500	-	-	9,500
Indirect administrative support	158,660	-	-	158,660
Investment income	3,188	30,708	-	33,896
Net assets released from restrictions	-	-	-	-
Total revenue and support	<u>942,022</u>	<u>131,541</u>	<u>(17,533)</u>	<u>1,056,030</u>
Expenses				
Programming services				
Programming and production	301,207	799	-	302,006
Broadcasting and technical	273,751	39,854	(17,533)	296,072
Program information	91	580	-	671
Total program expenses	<u>575,049</u>	<u>41,233</u>	<u>(17,533)</u>	<u>598,749</u>
Support services				
Fundraising	59,672	699	-	60,371
Management and general	313,936	10,057	-	323,993
Total supporting expenses	<u>373,608</u>	<u>10,756</u>	<u>-</u>	<u>384,364</u>
Total expenses	<u>948,657</u>	<u>51,989</u>	<u>(17,533)</u>	<u>983,113</u>
Change in net assets without donor restrictions	(6,635)	79,552	-	72,917
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(6,635)	79,552	-	72,917
Net assets, beginning of year	<u>2,435,836</u>	<u>639,842</u>	<u>-</u>	<u>3,075,678</u>
Net assets, end of year	<u>\$ 2,429,201</u>	<u>\$ 719,394</u>	<u>\$ -</u>	<u>\$ 3,148,595</u>

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	PROGRAM EXPENSES				SUPPORTING EXPENSES					TOTAL EXPENSES
	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	TOTAL PROGRAM EXPENSES	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	TOTAL SUPPORTING EXPENSES		
Salaries	\$ 154,316	\$ -	\$ -	\$ 154,316	\$ 83,155	\$ -	\$ -	\$ 83,155	\$ 237,471	
Payroll tax and fringes	53,521	-	-	53,521	33,101	-	-	33,101	86,622	
Depreciation	118,861	-	-	118,861	-	-	-	-	118,861	
Rent	46,604	-	-	46,604	10,454	-	-	10,454	57,058	
Utilities	66,262	-	-	66,262	-	-	-	-	66,262	
Advertising	631	-	-	631	1,650	-	-	1,650	2,281	
Telecommunications	26,781	2,905	-	29,686	182	-	-	182	29,868	
Maintenance and repairs	42,086	8,934	-	51,020	-	1,600	-	1,600	52,620	
Professional fees	27,564	-	-	27,564	11,466	43,111	-	54,577	82,141	
Dues and subscriptions	1,000	-	-	1,000	14,267	-	-	14,267	15,267	
Supplies/office	1,943	12,063	-	14,006	16,346	5,244	-	21,590	35,596	
Programming	76,880	799	-	77,679	-	-	-	-	77,679	
Administrative support	-	-	-	-	156,222	-	-	156,222	156,222	
	<u>\$ 616,449</u>	<u>\$ 24,701</u>	<u>\$ -</u>	<u>\$ 641,150</u>	<u>\$ 326,843</u>	<u>\$ 49,955</u>	<u>\$ -</u>	<u>\$ 376,798</u>	<u>\$ 1,017,948</u>	

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	PROGRAM EXPENSES				SUPPORTING EXPENSES					TOTAL EXPENSES
	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	TOTAL PROGRAM EXPENSES	KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	TOTAL SUPPORTING EXPENSES		
Salaries	\$ 151,855	\$ -	\$ -	\$ 151,855	\$ 83,155	\$ -	\$ -	\$ 83,155	\$ 235,010	
Payroll tax and fringes	53,297	-	-	53,297	33,559	-	-	33,559	86,856	
Depreciation	116,390	-	-	116,390	-	-	-	-	116,390	
Rent	46,211	-	-	46,211	10,454	-	-	10,454	56,665	
Utilities	52,391	-	-	52,391	-	-	-	-	52,391	
Advertising	-	580	-	580	2,129	-	-	2,129	2,709	
Telecommunications	25,911	-	-	25,911	1,261	-	-	1,261	27,172	
Maintenance and repairs	33,729	15,786	-	49,515	45	1,500	-	1,545	51,060	
Professional fees	25,164	2,587	-	27,751	49,046	6,975	-	56,021	83,772	
Equipment	-	17,533	(17,533)	-	-	-	-	-	-	
Dues and subscriptions	500	-	-	500	10,799	-	-	10,799	11,299	
Supplies/office	449	3,948	-	4,397	18,478	2,281	-	20,759	25,156	
Programming	69,152	799	-	69,951	-	-	-	-	69,951	
Income tax	-	-	-	-	6,022	-	-	6,022	6,022	
Administrative support	-	-	-	-	158,660	-	-	158,660	158,660	
	<u>\$ 575,049</u>	<u>\$ 41,233</u>	<u>\$ (17,533)</u>	<u>\$ 598,749</u>	<u>\$ 373,608</u>	<u>\$ 10,756</u>	<u>\$ -</u>	<u>\$ 384,364</u>	<u>\$ 983,113</u>	

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF CASH FLOWS
Year ended June 30, 2022

		KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS			KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
	KUCO-FM RADIO	KUCO-FM RADIO	KUCO-FM RADIO	KUCO-FM RADIO		KUCO-FM RADIO	KUCO-FM RADIO	KUCO-FM RADIO	KUCO-FM RADIO
Increase (Decrease) in Cash and Cash Equivalents					Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities				
Cash flows from operating activities:					Change in net assets	\$ (144,363)	\$ 41,531	\$ -	\$ (102,832)
Cash received from members, underwriters, and others	\$ 184,065	\$ 131,351	\$ -	\$ 315,416	Adjustments to reconcile to net cash provided by operating activities:				
Appropriations from licensee	261,562	-	-	261,562	Depreciation	118,861	-	-	118,861
Grants received	182,170	-	-	182,170	Realized and unrealized (gains) losses	2,521	16,842	-	19,363
Rents received	97,191	-	-	97,191	Decrease (increase) in				
Interest received	160	1,245	-	1,405	Receivables	84,785	(433)	-	84,352
Cash paid to vendors and employees	(660,447)	(84,469)	-	(744,916)	Prepaid expenses	4,694	(720)	-	3,974
Net cash provided (used) by operating activities	<u>64,701</u>	<u>48,127</u>	<u>-</u>	<u>112,828</u>	Increase (decrease) in Payables	<u>(1,797)</u>	<u>(9,093)</u>	<u>-</u>	<u>(10,890)</u>
Cash flows from investing activities:					Net cash provided (used) by operating activities	<u>\$ 64,701</u>	<u>\$ 48,127</u>	<u>\$ -</u>	<u>\$ 112,828</u>
Decrease (increase) in time deposits	-	(110,000)	-	(110,000)					
Decrease (increase) in funds held by community foundation	-	22,166	-	22,166					
Realized and unrealized gains (losses)	(2,521)	(16,842)	-	(19,363)					
Net cash provided (used) by investing activities	<u>(2,521)</u>	<u>(104,676)</u>	<u>-</u>	<u>(107,197)</u>					
Net increase (decrease) in cash and cash equivalents	62,180	(56,549)	-	5,631	Supplemental Schedule of Noncash Operating and Investing Activities:				
Cash and cash equivalents at beginning of year	<u>813,028</u>	<u>115,093</u>	<u>-</u>	<u>928,121</u>	The Station received donated in-kind contributions and indirect administrative support totaling \$161,088 which is recognized in these financial statements.				
Cash and cash equivalents at end of year	<u>\$ 875,208</u>	<u>\$ 58,544</u>	<u>\$ -</u>	<u>\$ 933,752</u>					

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

COMBINED STATEMENTS OF CASH FLOWS
Year ended June 30, 2021

		KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS			KUCO-FM RADIO	KCSC CLASSICAL RADIO FOUNDATION	COMBINING ENTRIES	COMBINED TOTALS
Increase (Decrease) in Cash and Cash Equivalents							Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities				
Cash flows from operating activities:							Change in net assets	\$ (6,635)	\$ 79,552	\$ -	\$ 72,917
Cash received from members, underwriters, and others	\$	194,297	\$ 100,833	\$ (17,533)	\$ 277,597		Adjustments to reconcile to net cash provided by operating activities:				
Appropriations from licensee		270,008	-	-	270,008		Depreciation	116,390	-	-	116,390
Grants received		134,154	-	-	134,154		Realized and unrealized (gains) losses	(3,081)	(28,665)	-	(31,746)
Rents received		87,430	-	-	87,430		Decrease (increase) in				
Interest received		107	7,763	-	7,870		Receivables	(84,785)	5,720	-	(79,065)
Cash paid to vendors and employees		(664,659)	(46,845)	17,533	(693,971)		Prepaid expenses	418	-	-	418
Net cash provided (used) by operating activities		<u>21,337</u>	<u>61,751</u>	<u>-</u>	<u>83,088</u>		Increase (decrease) in Payables	<u>(970)</u>	<u>5,144</u>	<u>-</u>	<u>4,174</u>
Cash flows from investing activities:							Net cash provided (used) by operating activities	<u>\$ 21,337</u>	<u>\$ 61,751</u>	<u>\$ -</u>	<u>\$ 83,088</u>
Decrease (increase) in time deposits		-	(43,000)	-	(43,000)						
Decrease (increase) in funds held by community foundation		-	(23,528)	-	(23,528)		Supplemental Schedule of Noncash Operating and Investing Activities:				
Realized and unrealized gains (losses)		3,081	28,665	-	31,746		The Station received donated in-kind contributions and indirect administrative support totaling \$168,160 which is recognized in these financial statements.				
Purchases of equipment		(17,533)	-	-	(17,533)						
Net cash provided (used) by investing activities		<u>(14,452)</u>	<u>(37,863)</u>	<u>-</u>	<u>(52,315)</u>						
Net increase (decrease) in cash and cash equivalents		6,885	23,888	-	30,773						
Cash and cash equivalents at beginning of year		<u>806,143</u>	<u>91,205</u>	<u>-</u>	<u>897,348</u>						
Cash and cash equivalents at end of year		<u>\$ 813,028</u>	<u>\$ 115,093</u>	<u>\$ -</u>	<u>\$ 928,121</u>						

The Notes to Combined Financial Statements are an integral part of these statements.

KUCO-FM RADIO
and
KCSC CLASSICAL RADIO FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 1. Significant Accounting Policies

The combined financial statements of KUCO-FM Radio and KCSC Classical Radio Foundation (the Organizations) have been prepared in accordance with generally accepted accounting principles. All intercompany balances and transactions have been eliminated in the combined financial statements. The significant accounting policies followed are described below.

Organization

KUCO-FM Radio (the Station), formerly known as KCSC-FM, is operated by the University of Central Oklahoma (the University). The Station began transmitting in 1966 and relies upon individual memberships, program underwriting, University appropriations and Corporation for Public Broadcasting (CPB) grants as its major sources of revenue.

KCSC Classical Radio Foundation (the Foundation), was created on August 8, 2001, as a 501(c)(3) organization, to support and promote classical music radio in Oklahoma. It operates primarily on financial contributions from the general public.

Combined financial statement presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Capital expenditures and depreciation

The Organizations capitalize all expenditures for property and equipment in excess of \$2,500. Property and equipment are stated at cost or, in the case of donated property, at their estimated fair value at date of receipt. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is calculated by the straight-line method over the following estimated useful lives:

Transmitter buildings	40 years
Broadcast towers and equipment	5 – 40 years
Office furniture and equipment	3 – 5 years

Use of estimates

Management uses estimates and assumptions in preparing combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from the estimates.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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Note 1. Significant Accounting Policies, continued

Revenue recognition

Revenues, gains, and other support are reported as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases and decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

In-kind contributions

In-kind contributions are recorded as revenue and expense. The contributions consist primarily of indirect support provided by the University. These items are valued at their estimated fair value.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of financial activities. The statements of functional expenses present natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organizations consider all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Income tax

The University is subject to tax on any net income from activities considered unrelated to its tax-exempt purpose. One such activity is the Station's income from the leasing of space on its broadcast towers.

Note 2. Net Assets with Donor Restrictions

An analysis of donor restricted net assets for the years ended June 30:

	2022	2021
Kirkpatrick Foundation - remote equipment	<u>\$3,687</u>	<u>\$3,687</u>
	<u>\$3,687</u>	<u>\$3,687</u>

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Note 3. Retirement and Pension Plans

KUCO-FM Radio participates, through its affiliation with the University, in the Teacher's Retirement System of Oklahoma. The System covers college and university employees, public school teachers, school employees and boards set up to administer various departments of education. The Station contributes 8.55% of base salary plus benefits for employees who elect coverage through the System. The Station also contributes an additional 7% on base salary plus benefits in excess of \$10,000. The contribution for the years ended June 30, 2022 and 2021 was \$39,153 and \$38,256, respectively.

Note 4. Related Party Transactions

During the years ended June 30, 2022 and 2021, the Station recognized as revenue \$261,562 and \$270,008, respectively, of appropriations from the University. Indirect administrative support from the University consisted of \$156,220 in 2022 and \$158,660 in 2021 of allocated University departmental expenses incurred on behalf of the Station. This valuation is based on guidelines established by the Corporation for Public Broadcasting and is intended to represent the fair value of such indirect administrative support.

Note 5. Funds Held by Others

The University of Central Oklahoma Foundation ("UCO Foundation") is holding funds for the benefit of the Organizations. Earnings, gains and losses, and investment fees are considered to be without donor restriction.

The UCO Foundation's policy is to pool its funds and allocate investment earnings, including realized and unrealized gains and losses, to the various accounts it maintains. Valuations of securities are based on quoted market prices, which are considered Level I under the fair market hierarchy. Investment income for 2022 includes \$630 of realized gains and \$(3,152) of unrealized losses. Investment income in 2021 includes \$1,145 of realized gains and \$1,936 of unrealized gains allocated by the UCO Foundation.

Note 6. Funds Held by Community Foundation

The Foundation invested \$100,000 in the fiscal year ended June 30, 2016 with the Oklahoma City Community Foundation. The OCCF maintains variance power over the funds. OCCF distribution policy is to annually distribute 5% of the average market value of the account, based on the previous twelve quarters or life of the account. Funds transferred by the KCSC Classical Radio Foundation, reciprocal transfers, are recognized in the combined statement of financial position. Contributions from third parties are maintained in a separate account, the value of which is disclosed, but not recognized as assets of the KCSC Classical Radio Foundation. The distribution policy for this account is identical to that of the reciprocal account.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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Note 6. Funds Held by Community Foundation, continued

The market value and activity of the accounts is as follows:

	Reciprocal	Third-Party
Market value at July 1, 2020	\$ 111,466	\$ 37,239
Transfers/contributions	-	-
Net investment income	28,937	9,667
Distributions	<u>(5,409)</u>	<u>(1,807)</u>
Market value at June 30, 2021	134,994	45,099
Transfers/contributions	-	26
Net investment income (loss)	(16,617)	(5,556)
Distributions	<u>(5,549)</u>	<u>(1,854)</u>
Market value at June 30, 2022	<u>\$ 112,828</u>	<u>\$ 37,715</u>

Note 7. In-kind Contributions

In-kind contributions included in the statement of activities for the years ended June 30 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Accounting services	\$ 4,866	\$ 9,500
Indirect administrative Support	<u>156,222</u>	<u>158,660</u>
	<u>\$ 161,088</u>	<u>\$168,160</u>

Fair value techniques – Accounting services are valued based on current billing rates of accounting services provided by the Organization’s CPA firm. Indirect administrative support is valued based on grantor guidelines.

Donor restrictions and use – All in-kind contributions are unrestricted and used to support management and general activities.

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Note 8. Liquidity and Availability

Financial assets available for general expenditures, that is without donor restriction or other restrictions limiting their use, within one year of the combined statement of financial position, comprise the following:

Cash and cash equivalents	\$ 933,752
Time deposits	595,000
Accrued interest receivable	<u>772</u>
	<u>\$ 1,529,524</u>

Note 9. Subsequent Events

Management has reviewed subsequent events, if any, through the report date of November 1, 2022, the date the report was available to be issued, and has determined there were no additional subsequent events requiring disclosure in these combined financial statements.