

**WKAR Public Media**  
**(A Public Telecommunications Entity**  
**Operated by Michigan State University)**

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**Financial Report**  
**June 30, 2024**

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## **Independent Auditor's Report**

To the Board of Trustees  
WKAR Public Media  
c/o Michigan State University

### **Opinion**

We have audited the financial statements of WKAR Public Media (WKAR), a department of Michigan State University (the "University"), as of and for the years ended June 30, 2024 and 2023 and the related notes to the 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 WKAR, a department of Michigan State University, as of June 30, 2024 and 2023 and the changes in its financial position and, where applicable, cash flows thereof 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 Audits of the Financial Statements* section of our report. We are required to be independent of WKAR 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**

We draw attention to Note 1, which explains that these financial statements present only WKAR Public Media and do not purport to, and do not, present fairly the financial position of Michigan State University as of June 30, 2024 and 2023 and the changes in its financial position and, where applicable, its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WKAR's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees  
WKAR Public Media  
c/o Michigan State University

### ***Auditor's Responsibilities for the Audits 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 audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 WKAR'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 WKAR'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the stations' total OPEB liability and related ratios 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, which 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 audits 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.

To the Board of Trustees  
WKAR Public Media  
c/o Michigan State University

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise WKAR's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moreau, PLLC*

December 13, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Michigan State University – WKAR Public Media**

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#### **Introduction**

The following discussion provides an overview of the financial position and activities of Michigan State University's (MSU) WKAR-TV public television and WKAR-AM-FM public radio stations ("WKAR", the "Stations"), collectively known as WKAR Public Media, for the years ended June 30, 2024, and 2023.

Included in this discussion is an analysis of the Stations' Statement of Net Position, which presents the assets, liabilities, and net position of the Stations, and when applicable, deferred outflows of resources and deferred inflows of resources. All are measured as of the end of the fiscal year. Further, the Statement of Revenues, Expenses, and Changes in Net Position reflects revenues and expenses recognized during the fiscal year. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

Michigan State University's Board of Trustees holds the license for its noncommercial education television station, WKAR-TV, and two noncommercial education public radio stations, WKAR-AM and WKAR-FM. WKAR-TV is the Lansing/East Lansing area's Public Broadcasting Station (PBS), providing local and national public affairs, performing arts, and youth and lifelong education programming. WKAR-AM is a news and information station featuring local and national news, sports, and Spanish-language programming. WKAR-FM provides classical, folk, and jazz music and news and information programming, including National Public Radio's (NPR's) highly acclaimed news programs, "Morning Edition" and "All Things Considered".

The Stations' financial statements, related footnote disclosures, and required supplementary information (RSI), including management's discussion and analysis, have been prepared by management. GASB required supplementary information is not audited and should be read in conjunction with the financial statements and footnotes.

#### **Statement of Net Position**

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged. Deferred outflows of resources and deferred inflows of resources are recognized through the consumption or acquisition of resources by WKAR that is applicable to a future reporting period. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)****Michigan State University – WKAR Public Media**

Below is a summarized comparison of the Stations' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2024, 2023, and 2022:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current assets	\$ 7,979,739	\$ 8,409,688	\$ 9,803,801
Noncurrent assets			
Capital assets, net	2,494,414	2,887,430	2,039,861
Other	6,807,853	6,046,045	5,935,947
Total assets	17,282,006	17,343,163	17,779,609
Deferred outflows of resources	2,621,877	2,197,128	3,228,411
Current liabilities	2,264,922	2,283,739	2,248,380
Noncurrent liabilities	3,760,738	2,214,513	2,864,020
Total liabilities	6,025,660	4,498,252	5,112,400
Deferred inflows of resources	3,693,052	4,405,501	4,784,202
Net Investment in Capital Assets	2,494,414	2,887,430	2,039,861
Restricted:			
Nonexpendable	3,249,615	3,128,759	3,007,122
Expendable	1,302,699	637,439	527,253
Unrestricted	3,138,443	3,982,910	5,537,182
Net position	\$ 10,185,171	\$ 10,636,538	\$ 11,111,418

**Current assets:**

Current assets consist of cash, net accounts and pledges receivable, and prepaid expenses. The net decrease in current assets in 2024 is primarily due to a net decrease in cash of \$347,532. The decrease in prepaid expenses in 2024 is a result of the timing of payments for programming in the coming year. The net decrease in current assets in 2023 is primarily due to a net decrease in cash of \$1,531,718, partially offset by an increase in prepaid expenses of \$117,144. The increase in prepaid expenses in 2023 is a result of the timing of payments for programming in the coming year. The net changes in cash in 2024 and 2023 is primarily a function of the Stations' operating, financing, and investing activities as reported in the Statement of Cash Flows.

**Noncurrent assets:****Long-term investments**

At June 30, 2024 and 2023, the Stations' long-term investments totaled \$6,798,844 and \$6,034,450, an increase of \$764,394 and \$116,641, respectively. Endowment gifts and University-designated additions to endowment investments totaled \$120,855 in 2024 and \$121,637 in 2023, while investment gains (losses) and fair value changes (realized and unrealized) within the investment portfolio accounted for a net increase of \$643,097 in 2024 and a decrease of \$4,996 in 2023.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)****Michigan State University – WKAR Public Media**

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**Capital assets**

At June 30, 2024, 2023, and 2022, the Stations' investment in capital assets was as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Construction in progress	\$ -	\$ -	\$ 271,465
Building improvements	4,225,401	4,225,401	2,864,627
Equipment	3,754,185	4,546,032	4,719,197
Vehicles	73,777	73,777	8,777
Furniture and other	124,370	124,370	124,370
Less: accumulated depreciation	<u>(5,683,319)</u>	<u>(6,082,150)</u>	<u>(5,948,575)</u>
	<u>\$ 2,494,414</u>	<u>\$ 2,887,430</u>	<u>\$ 2,039,861</u>

Net capital assets decreased by \$393,016 in 2024 and increased by \$847,569 in 2023. Capital asset additions totaled \$173,385 and \$1,392,695, while depreciation expenses totaled \$564,951 and \$545,126 in 2024 and 2023, respectively.

**Deferred outflows of resources:**

At June 30, 2024 and 2023, deferred outflows of resources totaled \$2,621,877 and \$2,197,128, an increase of \$424,749 and a decrease of \$1,031,283 respectively. This represents deferred amounts due to changes in assumptions and experience used to calculate the valuation of other postemployment benefits, changes in the Stations' proportionate share of the postemployment benefits liability, and related contributions made subsequent to the measurement date (in accordance with the adoption of GASB 75).

**Current liabilities:**

Current liabilities consist of accounts payable, accrued payroll, unearned support and revenues, and the current portion of net postemployment benefit obligations. The net decrease in current liabilities in 2024 is primarily due to a net decrease in unearned support and revenues of \$41,971. This was however offset by a slight increase in accrued payroll of \$326 caused by fluctuations in the Station's operating activities. The net increase in current liabilities in 2023 was primarily due to a net increase in unearned support and revenues of \$77,371, offset by a decrease in accrued payroll of \$32,823 due to fluctuations in the Station's operating activities. Fluctuations in sponsored program unearned amounts are primarily due to timing differences of cash draws from the grantor.

**Noncurrent liabilities, postemployment benefit obligations:**

At June 30, 2024 and 2023, the noncurrent portion of the Stations' net postemployment benefit obligations (OPEB) totaled \$3,760,738 (an increase of \$1,546,225) and \$2,214,513 (a decrease of \$649,507). Provisions of GASB 75 require revaluing the unfunded liability using a 20-year tax-exempt municipal rate on an annual basis. As a result, the liability estimate for financial reporting is susceptible to dramatic variation from year to year. Although the financial reporting liability will be changing, the University's approach to funding the retirement benefits continue to be on a pay-as-you-go basis. Thus, there will be no impact on the payment of the other postemployment benefits.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Michigan State University – WKAR Public Media

#### Deferred inflows of resources:

At June 30, 2024 and 2023, deferred inflows of resources totaled \$3,693,052 (a decrease of \$712,449) and \$4,405,501 (a decrease of \$378,701), respectively. Deferred inflows of resources represent deferred amounts due to changes in assumptions used to calculate the valuation of other postemployment benefits and changes in the Stations' proportionate share of the other postemployment benefits liability.

#### Net position:

Net position represents residual WKAR Public Media assets and deferred outflows after liabilities and deferred inflows are deducted. Many factors affect the increase or decrease of net position in a given year, including obtaining new endowments and gifts and the performance of the Stations' investments. The Stations' net position at June 30, 2024, 2023, and 2022 is summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net investment in capital assets	\$ 2,494,414	\$ 2,887,430	\$ 2,039,861
Restricted:			
Nonexpendable	3,249,615	3,128,759	3,007,122
Expendable	<u>1,302,699</u>	<u>637,439</u>	<u>527,253</u>
Total restricted	4,552,314	3,766,198	3,534,375
Unrestricted	<u>3,138,443</u>	<u>3,982,910</u>	<u>5,537,182</u>
Total net position	<u>\$ 10,185,171</u>	<u>\$ 10,636,538</u>	<u>\$ 11,111,418</u>

Net investment in capital assets represents the Stations' equipment and infrastructure net of accumulated depreciation.

Restricted nonexpendable net position is subject to externally imposed stipulations that they be maintained permanently. Such net position includes the corpus portion (historical value) of gifts to the Stations' permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

Restricted expendable net position is subject to externally imposed restrictions governing their use. Such net position includes the net appreciation of the Stations' permanent endowment funds that have not been stipulated by the donor to be reinvested permanently, restricted gifts, and federal and state sponsored programs.

Unrestricted net position is not subject to externally imposed restrictions but may be subject to internal designation to meet various specific commitments.

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

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Stations, as well as the nonoperating revenues and expenses. In conformity with the Corporation for Public Broadcasting's *Financial Reporting Guidelines*, operating revenues include all major sources of revenue that constitute the principal ongoing operations of the Stations, which primarily include contributions, general appropriations from MSU, and grants from Corporation for Public Broadcasting (CPB). Although

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)****Michigan State University – WKAR Public Media**

nonoperating revenues and expenses are not part of the principal ongoing operations of the Stations, they are an integral component in determining the increase or decrease in net position.

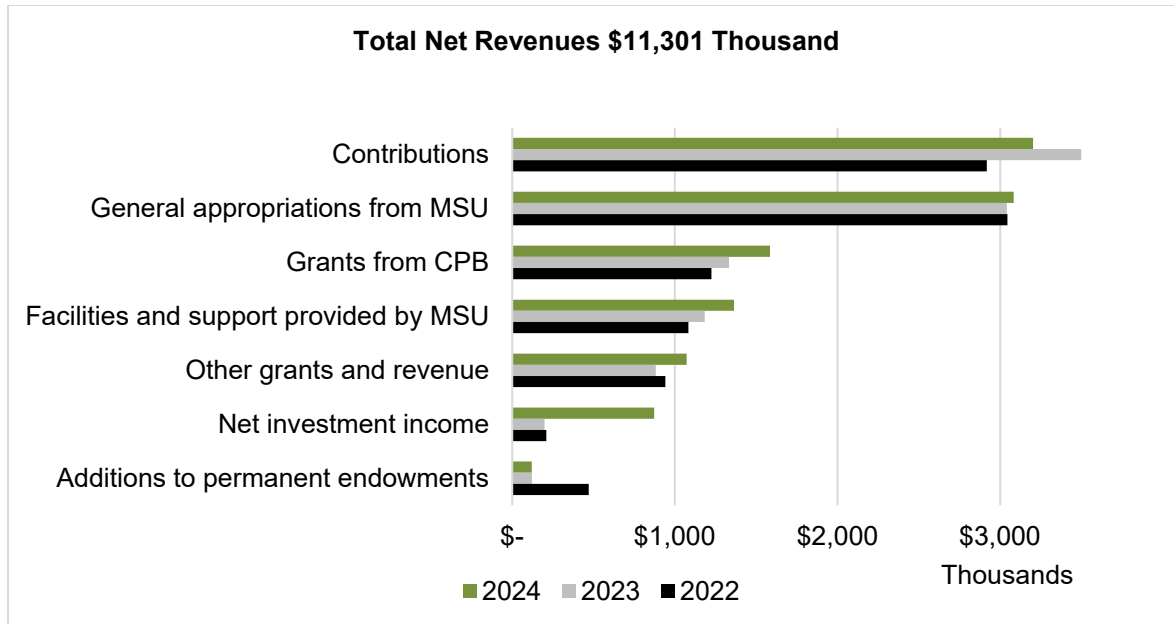
A summarized comparison of the Stations' revenues, expenses, and changes in net position for the years ended June 30, 2024, 2023, and 2022 follows:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 10,307,011	\$ 9,940,233	\$ 9,213,713
Operating expenses	11,752,106	10,735,950	9,697,633
Operating loss	(1,445,095)	(795,717)	(483,920)
Nonoperating revenues:			
Investment income and other	872,873	199,200	210,543
Net nonoperating revenues	872,873	199,200	210,543
Loss before other	(572,222)	(596,517)	(273,377)
Additions to permanent endowments	120,855	121,637	470,876
(Decrease) increase in net position	(451,367)	(474,880)	197,499
Net position, beginning of year	10,636,538	11,111,418	10,913,919
Net position, end of year	<u>\$ 10,185,171</u>	<u>\$ 10,636,538</u>	<u>\$ 11,111,418</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Michigan State University – WKAR Public Media

Total net revenues by source for the years ended June 30, 2024, 2023, and 2022, respectively, are presented as follows in thousands of dollars:



The Stations are limited in the number of sources of revenue from which they must draw. The Stations continue the development of a variety of plans to increase revenue-raising activities including more aggressive program underwriting activities and major giving initiatives. In addition, the Stations continue to evaluate expenses and streamline services to ensure funds are used in the most efficient way possible.

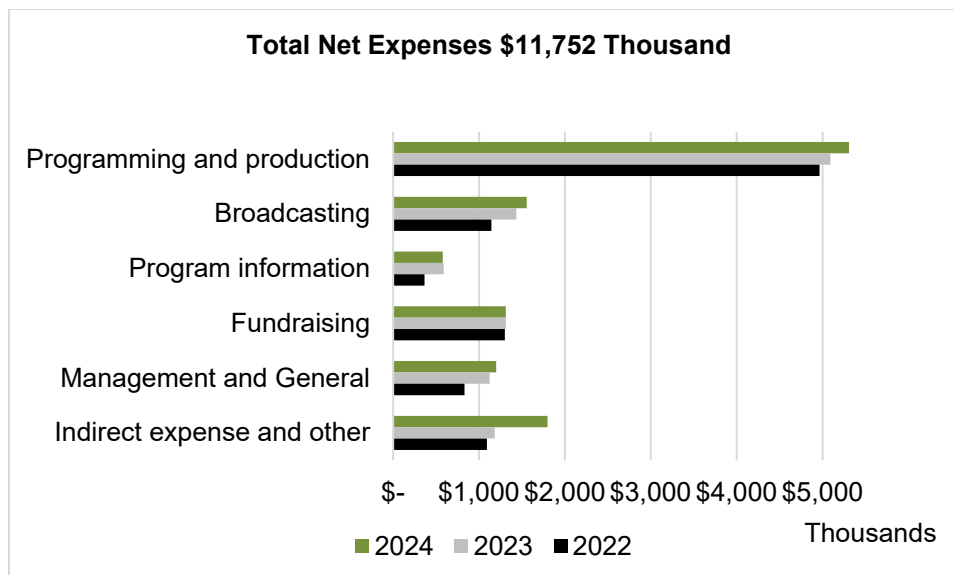
The most significant sources of operating revenue for the Stations are general appropriations from Michigan State University (MSU) and contributions. General appropriations from MSU are approved by the University's Board of Trustees annually and totaled \$3,083,647 (an increase of \$42,227) and \$3,041,420 (a decrease of \$3,699) in 2024 and 2023, respectively. Contributions totaled \$3,201,910 (a decrease of \$296,685) and \$3,498,595 (an increase of \$580,764) in 2024 and 2023, respectively. The University also provides indirect administrative support to the Stations, which consists of an allocation of costs of certain central University units that provide services or support to WKAR.

Net nonoperating and other revenues consist primarily of additions to permanent endowments and net investment income. Net nonoperating and other revenues increased by \$672,891 in 2024 primarily due to an increase in Investment income. Net nonoperating and other revenues decreased by \$360,582 in 2023 primarily due to a decrease in additions to permanent endowments.

## MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

### Michigan State University – WKAR Public Media

Operating expenses by source for the years ended June 30, 2024, 2023, and 2022, respectively, are presented as follows in thousands of dollars:



During 2024, \$7,441,546 was expended for the core missions of the Stations – programming and production, broadcasting, and program information, an increase of \$324,378 from 2023. During 2023, \$7,117,168 was expended for the core missions of the Stations – programming and production, broadcasting, and program information, an increase of \$643,403 from 2022. These increases can be attributed to normal variability in operations and inflation.

### Economic Outlook

During fiscal year 2024 the leadership team at WKAR conducted a comprehensive review of annual spending with the intent of identifying opportunities for efficiencies. The review team was charged with assessing how WKAR could effectively maintain critical systems and preserve the station’s ability to create high quality content while keeping spending at or near fiscal year 2023 levels.

The team focused on three key areas – staff positions and organizational structure, association and membership fees, and systems modernization. A recommendation to restructure the organization to consolidate key functions under a smaller number of senior leaders was adopted. The adjustments are anticipated to bring salary cost savings and allow WKAR to hire more entry level content creators which will result in more fundraising opportunities.

Association and membership fees for public media were up across the board. In an effort to anticipate and offset increases in the coming fiscal year, WKAR is actively assessing the ROI for each association membership as well as the performance of purchased programming. On the equipment modernization front, WKAR is creating a prioritization matrix for critical systems replacement and reviewing long-running maintenance and extended warranty fees.

The team’s focus on responsible belt tightening while increasing opportunities for new revenue, continues to reinvigorate community interest and support of WKAR. The station is making preliminary but notable strides

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Michigan State University – WKAR Public Media**

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connecting with new audiences and bringing more relevant and timely news, information, and entertainment to viewers and listeners.

The tactics and strategies used during the pandemic to ensure WKAR continued to effectively create and deliver quality content are being refined, expanded and normalized as part of a digital transformation focused on reaching more audiences where, when and how they prefer.

The station also made a strong push in fiscal year 2024 to integrate more Michigan State University students into WKAR operations and programming through paid, credit granting internships. During the fall 2024 semester, WKAR will have 12 student interns working at the station between 15 and 20 hours per week. The students will work across five concentration areas including journalism, education, and production.

Deliberate efforts to expand the current list of WKAR partners to include more small businesses, community organizations, and academic units are contributing to the station's economic success. During fiscal year 2024, WKAR established an agreement to lease tower space to a local commercial station resulting in additional passive income for the next five years.

Supporting local schools and families through educational programing and literacy kits remained a top priority throughout fiscal year 2024. Community engagements continue to focus on introducing public media to younger audiences while working toward the shared goal of increased K-12 literacy.

The overall economic outlook for the station is bright as WKAR continues to meet or exceed fundraising goals and reposition to create new programming that will drive new revenue. We were encouraged by moderate growth in contract revenue during fiscal year 2024 and anticipate this trend to continue.

The year ahead is about sustaining and building WKAR's relevance in the community through a comprehensive, well-executed digital transformation. The station has begun the work of adapting our content, resources, programming schedules, and engagements to meet the needs of a changing audience. It is a daunting but essential task that WKAR is approaching with innovation, creativity, and an unyielding drive to succeed.

**STATEMENTS OF NET POSITION****Michigan State University - WKAR Public Media**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 7,761,160	\$ 8,108,692
Accounts receivable, net	66,545	78,887
Pledges receivable, net of allowance of \$3,632 and \$17,602 for 2024 and 2023, respectively	8,473	52,183
Prepaid expenses	143,561	169,926
Total current assets	<u>7,979,739</u>	<u>8,409,688</u>
Noncurrent assets:		
Pledges receivable, net of allowance of \$3,861 and \$4,970 for 2024 and 2023, respectively	9,009	11,595
Long-term investments	6,798,844	6,034,450
Capital assets, net	2,494,414	2,887,430
Total noncurrent assets	<u>9,302,267</u>	<u>8,933,475</u>
<b>Total assets</b>	<b><u>17,282,006</u></b>	<b><u>17,343,163</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,621,877</b>	<b>2,197,128</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	71,735	74,580
Accrued payroll	46,125	45,799
Unearned support and revenues	2,005,822	2,047,793
Current portion of net postemployment benefit obligation	141,240	115,567
Total current liabilities	<u>2,264,922</u>	<u>2,283,739</u>
Noncurrent liabilities:		
Net other postemployment benefit obligation	3,760,738	2,214,513
Total noncurrent liabilities	<u>3,760,738</u>	<u>2,214,513</u>
<b>Total liabilities</b>	<b><u>6,025,660</u></b>	<b><u>4,498,252</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,693,052</b>	<b>4,405,501</b>
<b>NET POSITION</b>		
Net investment in capital assets	2,494,414	2,887,430
Restricted		
Nonexpendable	3,249,615	3,128,759
Expendable - programming	1,302,699	637,439
Unrestricted	<u>3,138,443</u>	<u>3,982,910</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 10,185,171</u></b>	<b><u>\$ 10,636,538</u></b>

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### Michigan State University - WKAR Public Media

	Year ended June 30,	
	2024	2023
<b>OPERATING REVENUES</b>		
General appropriations from Michigan State University	\$ 3,083,647	\$ 3,041,420
Contributions	3,201,910	3,498,595
Grants from Corporation for Public Broadcasting	1,585,036	1,333,199
Program underwriting	424,337	528,844
Contract services	220,649	202,751
Facilities and support provided by Michigan State University	1,363,719	1,183,796
Other grants and revenue	427,713	151,628
<b>TOTAL OPERATING REVENUES</b>	<b>10,307,011</b>	<b>9,940,233</b>
<b>OPERATING EXPENSES</b>		
Program services:		
Programming and production	5,306,798	5,091,756
Broadcasting	1,556,264	1,435,555
Program information	578,484	589,857
Support services:		
Fundraising	1,312,382	1,312,302
Management and general	1,199,759	1,123,357
Other post-employment benefit obligations	434,700	(673)
Indirect expense	1,363,719	1,183,796
<b>TOTAL OPERATING EXPENSES</b>	<b>11,752,106</b>	<b>10,735,950</b>
Operating loss	(1,445,095)	(795,717)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	874,323	199,200
Other	(1,450)	-
Net nonoperating revenue	872,873	199,200
<b>LOSS BEFORE OTHER</b>	<b>(572,222)</b>	<b>(596,517)</b>
Additions to permanent endowments	120,855	121,637
Decrease in net position	(451,367)	(474,880)
Net position, beginning of year	10,636,538	11,111,418
<b>NET POSITION, END OF YEAR</b>	<b>\$ 10,185,171</b>	<b>\$ 10,636,538</b>

# STATEMENTS OF CASH FLOW

## Michigan State University - WKAR Public Media

	Year ended June 30,	
	2024	2023
<b>Cash flows from operating activities</b>		
General appropriations from Michigan State University	\$ 2,241,626	\$ 2,165,077
Contributions	3,248,206	3,533,516
Corporation for Public Broadcasting grants	1,580,265	1,410,570
Program underwriting	434,154	480,005
Contract services	220,649	202,751
Other revenue and grants	393,038	151,628
Payments to employees	(4,849,739)	(4,664,324)
Payments to suppliers	(3,531,446)	(3,666,039)
Other receipts	(141,684)	43,597
<b>Net cash used in operating activities</b>	<b>(404,931)</b>	<b>(343,219)</b>
<b>Cash flows from noncapital financing activities</b>		
Endowment contributions	120,855	121,637
<b>Net cash provided by noncapital financing activities</b>	<b>120,855</b>	<b>121,637</b>
<b>Cash flows from capital and related financing activities</b>		
Purchase of buildings and equipment	(173,385)	(1,392,695)
<b>Net cash used in capital and related financing activities</b>	<b>(173,385)</b>	<b>(1,392,695)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(121,296)	(121,637)
Investment income	231,225	204,196
<b>Net cash provided by investing activities</b>	<b>109,929</b>	<b>82,559</b>
<b>Net decrease in cash</b>	<b>(347,532)</b>	<b>(1,531,718)</b>
<b>Cash, beginning of year</b>	<b>8,108,692</b>	<b>9,640,410</b>
<b>Cash, end of year</b>	<b>7,761,160</b>	<b>8,108,692</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (1,445,095)	\$ (795,717)
<i>Adjustment to reconcile operating loss to net cash used in operating activities:</i>		
Depreciation expense	564,951	545,126
<i>Changes in assets and liabilities:</i>		
Accounts receivable	12,342	(48,839)
Pledges receivable	46,296	34,921
Prepaid expense	26,365	(117,144)
Accounts payable	(2,845)	(5,441)
Accrued payroll	326	(32,823)
Unearned support and revenues	(41,971)	77,371
Net postemployment benefit obligation	1,571,898	(653,255)
<i>Change in deferred outflows</i>	<i>(424,749)</i>	<i>1,031,283</i>
<i>Change in deferred inflows</i>	<i>(712,449)</i>	<i>(378,701)</i>
<b>Net cash used in operating activities</b>	<b>\$ (404,931)</b>	<b>\$ (343,219)</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Michigan State University – WKAR Public Media

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### 1. Organization, basis of presentation, reporting entity, and summary of significant accounting policies

#### Basis of presentation:

WKAR-Television and WKAR-Radio (“WKAR”, the “Stations”) are public telecommunications entities owned and operated by Michigan State University. They do not have separate legal status or existence. The financial position and the revenues and expenses of WKAR are included in the financial statements of Michigan State University.

WKAR follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities and is presented in accordance with the reporting model as prescribed in 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*, as amended by GASB Statements No. 37, No. 38, and No. 63. WKAR follows the “business-type” activities requirements of GASB Statement No. 34. This approach requires the following components of WKAR’s financial statements:

- Management’s Discussion and Analysis
- Basic Financial Statements including a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements

GASB Statement No. 34, as amended establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted:
  - Nonexpendable – Net position subject to externally imposed constraints that they be maintained permanently by WKAR. Nonexpendable net position includes the corpus portion (historical value) of gifts to WKAR’s permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.
  - Expendable – Net position whose use by WKAR is subject to externally imposed constraints that can be fulfilled by actions of WKAR pursuant to those constraints or that expire by the passage of time. Expendable net position includes net appreciation of WKAR’s permanent endowment funds that have not been stipulated by the donor to be reinvested permanently.
- Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties. Unrestricted net position is generally designated for academic, research, and outreach programs and initiatives, postemployment benefits, and capital asset renewals and replacements.

#### Summary of significant accounting policies:

**Cash and investments** – Cash and investments are held in Michigan State University Funds. The amounts reflected in the accompanying balance sheet represent the net amounts due to the Stations from the University’s pooled cash and investment system. Investments are stated at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The University values its investments using a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the University, while unobservable inputs reflect the University’s own assumptions about how market participants would value an asset or a liability based on the best information available.

**Accounts Receivable** – Accounts receivable consist primarily of underwriting revenues. All accounts receivable are deemed fully collectible.

**Pledges receivable** – Financial support in the form of pledges is received from business enterprises, foundations and individuals. Revenue from gift pledges are recorded only when there is an unconditional promise to pay and all eligibility requirements, including time requirements, have been met. Contributions to permanent and term endowments are not recognized as assets until actually received.

**Capital assets** – Capital assets and equipment are recorded at cost, or, in the case of donated property, at estimated acquisition value at date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 4 to 20 years, with a full-year expense in the year of acquisition and none in the year of disposal. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The cost of maintenance and repairs are expensed as incurred; significant renewals and improvements are capitalized.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

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**Deferred outflows of resources** – This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. Deferred outflows of resources consist of contributions subsequent to the measurement date and changes in assumptions related to the valuation of other postemployment benefits.

**Deferred inflows of resources** – Deferred inflows of resources represent an addition to net position that applies to a future period and so will not be recognized as revenue until then. Deferred inflows of resources consist of changes in assumptions related to the valuation of other postemployment benefits.

**Unearned revenue** – Unearned revenue consists primarily of contract and sponsored program advances that will be recognized in the period in which it is earned.

**Operating and nonoperating revenues** – Operating activities as reported on the Statements of Revenue, Expenses, and Changes in Net Position are those activities that generally result from principal ongoing operations, such as payments received from general appropriations, contributions, grants, and underwriting activities. Certain grants restricted for use for capital asset acquisitions and additions of permanent endowments are reported as nonoperating revenue. Restricted and unrestricted resources are spent and tracked within the guidelines of the donor restrictions, if any.

**Facilities and support provided by Michigan State University** - Facilities and administrative support from the University consist of an allocation of occupancy cost, operation and maintenance, utilities, and other institutional support expenses of the University.

**Donor restricted endowments** – Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 (“UPMIFA”), the University’s Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the University Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purpose of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. Under the University’s programmatic spending policy established by the University’s Board, 4.4% of the average market value of endowment investments for the twenty quarters of the five fiscal years prior to the beginning of the fiscal year was authorized for expenditure for fiscal year 2024. For the fiscal year 2025, the rate will remain at 4.4%.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

## 2. Investments

WKAR has received certain contributions that are restricted to use as endowments. Such endowment assets are held within the University’s Endowment Fund and are held in a common investment pool that invests in high-grade equities, bonds or other marketable securities. The fair value of WKAR’s endowment investments was \$6,798,844 and \$6,034,450 as at June 30, 2024 and 2023, respectively. The historical value of WKAR’s endowment investments was \$4,139,444 and \$4,018,150 as at June 30, 2024 and 2023, respectively.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

#### 3. Capital assets

Capital asset activity for the years ended June 30, 2024, and 2023 is as follows:

	2023	Additions (Deductions)	Disposals	Transfers	2024
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciated capital assets:					
Buildings improvements	4,225,401	-	-	-	4,225,401
Equipment	4,546,030	173,385	(965,232)	-	3,754,183
Vehicles	73,778	-	-	-	73,778
Furniture and other	124,370	-	-	-	124,370
Less: accumulated depreciation					
Building improvements	(2,077,083)	(143,278)	-	-	(2,220,361)
Equipment	(3,871,918)	(421,673)	963,782	-	(3,329,809)
Vehicles	(8,778)	-	-	-	(8,778)
Furniture and other	(124,370)	-	-	-	(124,370)
Total depreciated capital assets	2,887,430	(391,566)	(1,450)	-	2,494,414
Total capital assets	\$ 2,887,430	\$ (391,566)	\$ (1,450)	\$ -	\$ 2,494,414

	2022	Additions (Deductions)	Disposals	Transfers	2023
Construction in progress	\$ 271,465	\$ 1,089,309	\$ -	\$ (1,360,774)	\$ -
Depreciated capital assets:					
Building improvements	2,864,627	-	-	1,360,774	4,225,401
Equipment	4,719,196	238,386	(411,552)	-	4,546,030
Vehicles	8,778	65,000	-	-	73,778
Furniture and other	124,370	-	-	-	124,370
Less: accumulated depreciation					
Building improvements	(1,935,941)	(141,142)	-	-	(2,077,083)
Equipment	(3,879,486)	(403,984)	411,552	-	(3,871,918)
Vehicles	(8,778)	-	-	-	(8,778)
Furniture and other	(124,370)	-	-	-	(124,370)
Total depreciated capital assets	1,768,396	(241,740)	-	1,360,774	2,887,430
Total capital assets	\$ 2,039,861	\$ 847,569	\$ -	\$ -	\$ 2,887,430

For the years ended June 30, 2024 and 2023, depreciation expense for WKAR totaled \$564,951 and \$545,126, respectively. In conformity with the Corporation of Public Broadcasting's *Financial Reporting Guidelines*, depreciation expense is allocated to the various operating functional expense categories in the Statement of Revenues, Expenses and Changes in Net Position based on the operational function of each individual piece of property or equipment.

#### 4. Facilities and support provided by Michigan State University

Included in revenue and expenditures are facilities and administrative support from Michigan State University, amounting to \$1,363,719 and \$1,183,796 for the years ending June 30, 2024 and 2023, respectively. They are reported as indirect expenses in the Statement of Revenues, Expenses and Changes in Net Position. Calculations are based on instructions provided by the Corporation for Public Broadcasting.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

#### 5. Retirement benefits

The University has a defined contribution retirement plan covering all qualified employees. This contributory plan consists of employee-owned annuity contracts funded on a current basis. The University also funds and provides for termination benefits upon retirement resulting from unused sick days along with certain other separation benefits. The total contributions of the University necessary to fund the above-mentioned retirement benefits attributable to WKAR are estimated to be \$368,000 and \$359,000 for the years ended June 30, 2024 and 2023, respectively.

#### 6. Other postemployment benefits (OPEB)

The University provides retiree health and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries. This is a closed single employer defined benefit plan administered by the University effective for employees hired prior to July 1, 2010. Employees hired on or after July 1, 2010, are eligible to purchase insurance at the average cost of the defined benefit plan. Benefits are provided to eligible faculty, academic staff and support staff who meet normal retirement requirements while still working for the University. Currently, the plan has approximately 87 members attributable to WKAR. The plan does not issue a separate stand-alone financial statement. Terms of benefit plans are generally determined as part of collective bargaining agreements or set by the University for employees who are not represented. The Provost and Executive Vice President for Academic Affairs and the Executive Vice President for Administration are authorized to enter into collective bargaining agreements. In addition, the President and Senior Vice President and Chief Financial Officer are authorized to approve benefit plan changes.

The University's retiree medical plan is a Medicare advantage and prescription drug plan for those retirees eligible for Medicare. Medicare advantage and prescription drug plans are offered by private companies approved by Medicare to provide bundled Medicare benefits. The University pays a premium for each eligible retiree, spouse, and covered dependent to enroll in the plan and the actual claims are paid by the provider. The University's pre-Medicare medical and prescription drug plan is self-funded and the plan's premiums are updated annually based on actual claims of enrolled retirees, spouses, and covered dependents. Retirees are responsible for various co-payments. The University does not maintain a separate legal trust to hold assets used to fund postemployment benefits, has no obligation to make contributions in advance of when insurance premiums or claims are due for payment, and currently pays for postemployment benefits on a pay-as-you-go basis.

The University's annual postemployment benefits expense is actuarially determined in accordance with GASB 75. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

For the year ended June 30, 2024, the University's reported liability for providing retiree health and dental care benefits is estimated based on an actuarial valuation date of January 1, 2024 and measurement date of December 31, 2023 in accordance with GASB 75. The University's liability is calculated using the entry age normal level percent of pay method. The actuarial assumptions are as follows:

Discount rate	3.26%, based on the Bond Buyer 20-year General Obligation Municipal Bond Index
Salary increases	5.0%
Healthcare cost trend rates	0%/84.29% for 2024, reflecting renegotiated premiums. The trends move to 6.25%/6.25% in 2025, decreasing 0.25% per year, to an ultimate rate of 4.5% for 2032 and later years. Trend rates shown are for pre-65 rates/post-65 rates, respectively.

For the year ended June 30, 2023, the University's reported liability for providing retiree health and dental care benefits is estimated based on an actuarial valuation date of January 1, 2022, and measurement date of December 31, 2022 in accordance with GASB 75. The University's liability is calculated using the entry age normal level percent of pay method. The actuarial assumptions are as follows:

Discount rate	3.72%, based on the Bond Buyer 20-year General Obligation Municipal Bond Index
Salary increases	5.0%
Healthcare cost trend rates	6.50%/8.31% for 2023, decreasing 0.25% per year, to an ultimate rate of 5% for 2029 and later years. Trend rates shown are for pre-65 rates/post-65 rates, respectively. As of July 1, 2010, internal policy caps healthcare cost increases at a maximum of 5% per year.

For the December 31, 2023 measurement date, the University utilized separate mortality assumptions for faculty and non-faculty staff. Faculty mortality is based on the Pub T.H-2010.H (A) Public Retirement Plans Mortality Tables with MP-2021 improvement scale. Non-faculty staff mortality is based on the RP-2014 Generational Healthy Mortality Tables, with mixed collar adjustments,

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

projected back to 2006 using scale MP-2014 and then projected forward using MP-2021. For the December 31, 2022 measurement date, the University utilized separate mortality assumptions for faculty and non-faculty staff. Faculty mortality was based on the Pub T.H-2010.H (A) Public Retirement Plans Mortality Tables with MP-2021 improvement scale. Non-faculty staff mortality was based on the RP-2014 Generational Healthy Mortality Tables, with mixed collar adjustments, projected back to 2006 using scale MP-2014 and then projected forward using MP-2021. Additional assumptions utilized include employee withdrawal rates up to 1.5% at age 65 for certain employee groups, a retirement age up to 69.0 for certain employee groups, 90% of males and 60% of females having covered spouses, and a retiree opt-out rate of 8%. These additional assumptions are based on an experience study performed in 2019. Changes in the total reported liability for postemployment benefits obligations for the year ended June 30, 2024 and 2023, are summarized as follows

	2024	2023
Balance, beginning of year	\$ 2,330,080	\$ 2,983,335
Changes in proportionate share	270,939	(194,566)
Service cost	54,542	71,062
Interest cost	95,366	57,246
Changes in benefit terms	65,453	-
Changes in assumptions	1,188,677	(475,980)
Difference between expected and actual plan experience	80,899	50,813
Benefits payments	(183,978)	(161,830)
Balance, end of year	3,901,978	2,330,080
Less current portion	141,240	115,567
Noncurrent portion	\$ 3,760,738	\$ 2,214,513

Changes in assumptions reflect a change in the discount rate at both the measurement dates of December 31, 2023 and 2022, respectively. Changes in assumption at the December 31, 2023, measurement date also reflects renegotiated premium rates with the plan provider driven by the Inflation Reduction Act and current health insurance market conditions

Changes in proportionate share reflects a change in the share of the University's total OPEB liability that is allocated to the Stations. The amount the University allocated to the Stations is based on the number of the Stations' employees participating in the OPEB plan as a percentage of the University's total plan participants. At June 30, 2024 and June 30, 2023, the Stations' allocation of the university's total OPEB liability was 0.48% (an increase of .05%) and 0.43% (a decrease of .03%), respectively.

Under the Medicare advantage plan, the Medicare Retiree Drug Subsidy is paid directly to the plan provider, and thus has the effect of reducing the University's postemployment benefits obligations at June 30, 2024 and 2023, respectively.

The December 31, 2023, measurement date amounts are based on the valuation date of January 1, 2024. The December 31, 2022, measurement date amounts are based on the valuation date of January 1, 2022. Therefore, census data, including the number of plan participants attributable to WKAR consisted of the following:

	2024	2023
Active employees - Hired before July 1, 2010	13	15
Active employees - Hired after July 1, 2010	22	29
Retirees receiving benefits	31	26
Dependents	21	18
	<u>87</u>	<u>88</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend.

A one percentage-point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for postemployment benefits obligations at June 30, 2024:

	1% Decrease	Current Rates	1% Increase
Discount rate:			
Net OPEB obligations	\$ 4,433,390	\$ 3,901,978	\$ 3,460,018
Increase (decrease)	531,412	-	(441,960)
Health care trend rate:			
Net OPEB obligations	\$ 3,408,091	\$ 3,901,978	\$ 4,511,726
Increase (decrease)	(493,887)	-	609,748

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

A one percentage-point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for postemployment benefits obligations at June 30, 2023:

	1% Decrease	Current Rates	1% Increase
Discount rate:			
Net OPEB obligations	\$ 2,675,946	\$ 2,330,080	\$ 2,043,248
Increase (decrease)	345,866	-	(286,832)
Health care trend rate:			
Net OPEB obligations	\$ 1,858,899	\$ 2,330,080	\$ 2,379,611
Increase (decrease)	(471,181)	-	49,532

The components of postemployment benefits expense attributable to WKAR for the year ended June 30, 2024, and 2023 are summarized as follows:

	2024	2023
Service cost	\$ 54,542	\$ 71,062
Interest cost	95,366	57,246
Change in benefit terms	65,453	-
Amortization of differences between expected and actual experience	42,221	30,504
Amortization of changes in assumptions and proportionate share	177,118	(159,485)
	<u>\$ 434,700</u>	<u>\$ (673)</u>

Deferred outflows and inflows of resources related to postemployment benefits obligations attributable to WKAR at June 30, 2024 are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Impact to OPEB
Changes in assumptions	\$ 2,687,463	\$ 1,417,272	\$ 1,270,191
Changes in proportionate share	(463,549)	2,257,142	(2,720,691)
Difference between expected and actual experience	302,937	18,638	284,299
Benefit payments made after measurement date	95,026	-	95,026
	<u>\$ 2,621,877</u>	<u>\$ 3,693,052</u>	<u>\$ (1,071,175)</u>

Deferred outflows and inflows of resources related to postemployment benefits obligations attributable to WKAR at June 30, 2023 are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Impact to OPEB
Changes in assumptions	\$ 1,746,716	\$ 1,512,788	\$ 233,928
Changes in proportionate share	135,398	2,873,230	(2,737,832)
Difference between expected and actual experience	239,519	19,483	220,036
Benefit payments made after measurement date	75,495	-	75,495
	<u>\$ 2,197,128</u>	<u>\$ 4,405,501</u>	<u>\$ (2,208,373)</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

Of the total amount reported as deferred outflows of resources related to OPEB at June 30, 2024, \$95,026 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction in the net OPEB liability in the year ended June 30, 2025. Deferred outflows and inflows related to changes in assumptions and the difference between expected and actual plan experience will be amortized into expense in the following years ended June 30 based upon the average future work life expectancy of plan participants.

2025	(187,517)
2026	(187,517)
2027	(184,967)
2028	(216,113)
2029	(216,114)
2030 and beyond	(173,973)
Total	<u>\$ (1,166,201)</u>

#### 7. Nonfederal Financial Support (NFFS)

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

A "contribution" is cash, property or services given to a public broadcasting entity for general operational 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 television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV Community Service Grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating NFFS. This change excludes all revenues received for any capital purchases.

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.

The assets, liabilities and net position of the Stations are accounted for using the following funds for CPB purposes:

*Television Fund* - This fund includes the resources that are available for support of WKAR's television transmission operations.

*Radio Fund* - This fund includes the resources that are available for support of WKAR-FM and WKAR-AM.

Reported NFFS for WKAR was \$5,049,440 and \$5,011,607 for the television fund and \$3,466,076 and \$3,680,920 for the radio fund for the years ended June 30, 2024, and 2023, respectively.

#### 8. New Accounting Pronouncement

The University will be required to implement the provisions of GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025. This GASB Statement updates the recognition and measurement guidance for compensated absences. WKAR is in the process of determining the full impact of this standard on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ending June 30, 2025. This GASB Statement updates the required disclosures to include information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make the University vulnerable to a substantial impact. WKAR is in the process of determining the full impact of this standard on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the fiscal year ending June 30, 2026. This GASB Statement improves the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the University's accountability. WKAR is in the process of determining the full impact of this standard on its financial statements.

# **Required Supplementary Information**

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**Michigan State University – WKAR Public Media**



## REQUIRED SUPPLEMENTARY INFORMATION

### Michigan State University – WKAR Public Media

#### Schedule of Changes in the Stations' total OPEB liability and related ratios

The historical reconciliation of the total reported liability for postemployment benefit obligations for the year ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018 is summarized as follows:

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 54,542	\$ 71,062	\$ 90,579	\$ 349,731	\$ 285,543	\$ 347,054	\$ 300,840
Changes in proportionate share	270,939	(194,566)	(945,143)	(1,713,072)	(494,200)	(201,603)	-
Interest cost	95,366	57,246	62,008	362,401	458,684	506,326	510,474
Changes in benefit terms	65,453	-	-	(10,654,181)	-	-	-
Changes in assumptions	1,188,677	(475,980)	(106,646)	1,037,075	2,779,775	(3,220,524)	842,931
Differences between expected and actual plan experience	80,899	50,813	166,980	(39,498)	188,349	-	-
Benefit payments	(183,978)	(161,830)	(128,023)	(274,122)	(303,717)	(287,590)	(281,773)
Net changes	\$ 1,571,898	\$ (653,255)	\$ (860,245)	\$ (10,931,666)	\$ 2,914,434	\$ (2,856,337)	\$ 1,372,472
Total liability, beginning of year	\$ 2,330,080	\$ 2,983,335	\$ 3,843,580	\$ 14,775,246	\$ 11,860,812	\$ 14,717,149	\$ 13,344,677
Total liability, ending of year	\$ 3,901,978	\$ 2,330,080	\$ 2,983,335	\$ 3,843,580	\$ 14,775,246	\$ 11,860,812	\$ 14,717,149
Covered employee payroll	\$ 4,185,355	\$ 3,995,125	\$ 3,790,521	\$ 3,576,957	\$ 3,749,295	\$ 3,389,836	\$ 3,845,442
Total liability as a percentage of Stations' covered employee payroll	93.23%	58.3%	78.7%	107.5%	394.1%	349.9%	382.7%
Stations' proportionate share of University OPEB liability	0.48%	0.43%	0.46%	0.61%	0.69%	0.72%	0.73%

#### Notes to Schedule:

No assets are accumulated in a trust to pay related other postemployment benefits.

Discount rates used in determining the total reported liability for postemployment benefits obligations were 3.26%, 3.72%, 2.06%, 2.12%, 2.73%, 4.09%, 3.44%, and 3.78% at the measurement dates of December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016, respectively.

In 2024, the changes in assumptions also relates to the increase in renegotiated premiums as a result of the Inflation Reduction Act and health insurance market conditions.

In 2021, the change in benefit terms includes a transition to a Medicare advantage and prescription drug plan.

In 2020, changes in assumption include the repeal of the Affordable Care Act high-cost plan excise tax and a reduction in the current health care cost trend rate from 7.50% to 6.88%.

In 2019, as a result of an experience study, assumptions related to mortality, employee withdrawal rates, retirement age, salary increases, marital status, and retiree opt-out rates were adjusted to more closely reflect actual experience. The changes were as follows:

- Mortality - the University changed from using the RP-2014 Generational Healthy Mortality Tables, with white collar adjustments for all employees to Pub T.H-2010.H (A) Public Retirement Plans Mortality Tables for faculty and MP-2014 Generational Healthy Mortality Tables, with mixed collar adjustments for non-faculty.
- Employee withdrawal rate - the University changed from 0% at age 55 to up to 1.5% at age 65 for certain employee groups.
- Retirement age - the University increased the retirement age from 62.4 for all employees to up to 69.0 for certain employee groups.
- Salary increase - the University increased the salary increase level from 4% to 5%.
- Marital status - the University increased the number of covered spouses from 80% for males and 50% for females to 90% for males and 60% for females.
- Retiree opt-out rate - the University increased the retiree opt-out rate from 0% to 8%.

# **Additional Information**

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**Michigan State University – WKAR Public Media**

**CONSOLIDATING STATEMENTS OF NET POSITION**
**Michigan State University - WKAR Public Media**

	June 30, 2024			June 30, 2023		
	Television	Radio	Total	Television	Radio	Total
<b>ASSETS</b>						
Current assets:						
Cash	\$ 4,490,913	\$ 3,270,247	\$ 7,761,160	\$ 4,530,890	\$ 3,577,802	\$ 8,108,692
Accounts receivable, net	38,195	28,350	66,545	50,802	28,085	78,887
Pledges receivable, net of allowance of \$3,632 and \$17,602 for 2024 and 2023, respectively	3,286	5,187	8,473	29,368	22,815	52,183
Prepaid expenses	21,552	122,009	143,561	39,470	130,456	169,926
Total current assets	4,553,946	3,425,793	7,979,739	4,650,530	3,759,158	8,409,688
Noncurrent assets:						
Pledges receivable, net of allowance of \$3,861 and \$4,970 for 2024 and 2023, respectively	5,265	3,744	9,009	3,718	7,877	11,595
Long-term investments	3,297,707	3,501,137	6,798,844	2,901,599	3,132,851	6,034,450
Capital assets, net	2,413,499	80,915	2,494,414	2,779,725	107,705	2,887,430
Total noncurrent assets	5,716,471	3,585,796	9,302,267	5,685,042	3,248,433	8,933,475
<b>Total assets</b>	<b>10,270,417</b>	<b>7,011,589</b>	<b>17,282,006</b>	<b>10,335,572</b>	<b>7,007,591</b>	<b>17,343,163</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	1,528,554	1,093,323	2,621,877	1,272,137	924,991	2,197,128
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	42,438	29,297	71,735	54,245	20,335	74,580
Accrued payroll	38,970	7,155	46,125	38,778	7,021	45,799
Unearned support and revenues	1,775,834	229,988	2,005,822	1,609,832	437,961	2,047,793
Current portion of net postemployment benefit obligation	82,343	58,897	141,240	66,913	48,654	115,567
Total current liabilities	1,939,585	325,337	2,264,922	1,769,768	513,971	2,283,739
Noncurrent liabilities:						
Net other postemployment benefit obligation	2,192,510	1,568,228	3,760,738	1,282,203	932,310	2,214,513
Total noncurrent liabilities	2,192,510	1,568,228	3,760,738	1,282,203	932,310	2,214,513
<b>Total liabilities</b>	<b>4,132,095</b>	<b>1,893,565</b>	<b>6,025,660</b>	<b>3,051,971</b>	<b>1,446,281</b>	<b>4,498,252</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,153,050	1,540,002	3,693,052	2,550,785	1,854,716	4,405,501
<b>NET POSITION</b>						
Net investment in capital assets	2,413,499	80,915	2,494,414	2,779,725	107,705	2,887,430
Restricted						
Nonexpendable	1,721,561	1,528,054	3,249,615	1,652,282	1,476,477	3,128,759
Expendable - programming	689,775	612,924	1,302,699	299,485	337,954	637,439
Unrestricted	688,991	2,449,452	3,138,443	1,273,461	2,709,449	3,982,910
<b>TOTAL NET POSITION</b>	<b>\$ 5,513,826</b>	<b>\$ 4,671,345</b>	<b>\$ 10,185,171</b>	<b>\$ 6,004,953</b>	<b>\$ 4,631,585</b>	<b>\$ 10,636,538</b>

**CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**Michigan State University - WKAR Public Media**

	Year ended June 30, 2024			Year ended June 30, 2023		
	Television	Radio	Total	Television	Radio	Total
<b>OPERATING REVENUES</b>						
General appropriations from Michigan State University	\$ 1,831,720	\$ 1,251,927	\$ 3,083,647	\$ 1,775,817	\$ 1,265,603	\$ 3,041,420
Contributions	1,840,796	1,361,114	3,201,910	1,944,226	1,554,369	3,498,595
Grants from Corporation for Public Broadcasting	1,148,383	436,653	1,585,036	1,124,622	208,577	1,333,199
Program underwriting	219,938	204,399	424,337	277,327	251,517	528,844
Contract services	216,984	3,665	220,649	198,065	4,686	202,751
Facilities and support provided by Michigan State University	869,599	494,120	1,363,719	732,209	451,587	1,183,796
Other grants and revenue	417,962	9,751	427,713	125,508	26,120	151,628
<b>TOTAL OPERATING REVENUES</b>	<b>6,545,382</b>	<b>3,761,629</b>	<b>10,307,011</b>	<b>6,177,774</b>	<b>3,762,459</b>	<b>9,940,233</b>
<b>OPERATING EXPENSES</b>						
Program services:						
Programming and production	3,369,854	1,936,944	5,306,798	3,217,814	1,873,942	5,091,756
Broadcasting	1,373,691	182,573	1,556,264	1,209,829	225,726	1,435,555
Program information	305,773	272,711	578,484	334,724	255,133	589,857
Support services:						
Fundraising	702,067	610,315	1,312,382	709,357	602,945	1,312,302
Management and general	656,663	543,096	1,199,759	580,658	542,699	1,123,357
Other post-employment benefit obligations	271,585	163,115	434,700	(68,476)	67,803	(673)
Indirect expense	869,599	494,120	1,363,719	732,209	451,587	1,183,796
<b>TOTAL OPERATING EXPENSES</b>	<b>7,549,232</b>	<b>4,202,874</b>	<b>11,752,106</b>	<b>6,716,115</b>	<b>4,019,835</b>	<b>10,735,950</b>
Operating loss	(1,003,850)	(441,245)	(1,445,095)	(538,341)	(257,376)	(795,717)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	444,895	429,428	874,323	98,178	101,022	199,200
Other	(1,450)	-	(1,450)	-	-	-
Net nonoperating revenues	443,445	429,428	872,873	98,178	101,022	199,200
<b>LOSS BEFORE OTHER</b>	<b>(560,405)</b>	<b>(11,817)</b>	<b>(572,222)</b>	<b>(440,163)</b>	<b>(156,354)</b>	<b>(596,517)</b>
Additions to permanent endowments	69,278	51,577	120,855	63,012	58,625	121,637
(Decrease) increase in net position	(491,127)	39,760	(451,367)	(377,151)	(97,729)	(474,880)
Net position, beginning of year	6,004,953	4,631,585	10,636,538	6,382,104	4,729,314	11,111,418
<b>NET POSITION, END OF YEAR</b>	<b>\$ 5,513,826</b>	<b>\$ 4,671,345</b>	<b>\$ 10,185,171</b>	<b>\$ 6,004,953</b>	<b>\$ 4,631,585</b>	<b>\$ 10,636,538</b>