Ball State University
Office of University Controller

WBST-FM Public Radio

A Telecommunications Entity Operated by Ball State University

Financial Report

Year Ended June 30, 2022

WBST-FM Public Radio
A Telecommunications Entity Operated by Ball State University

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Year Ended June 30, 2022

BALL STATE UNIVERSITY

The Corporation for Public Broadcasting
Washington, D. C.

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of WBST-FM, a public telecommunication entity owned and operated by Ball State University (WBST-FM), as of and for the years ended June 30, 2022 and June 30, 2021, and the related notes to the financial statements, which collectively comprise WBST-FM's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WBST-FM internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

Internal Audit and Advisory Services
Muncie, Indiana 47306-2299 | Phone: 765-285-1023

The Corporation for Public Broadcasting
Washington, D. C.

Internal Auditing is a unit of Ball State University. The Director is a Certified Public Accountant, who is not in any way responsible for the accounting operations of the Station, nor connected with the establishment of the overhead rates and hence is deemed independent per the Corporation for Public Broadcasting's certification requirements. The opinion that follows is issued pursuant to the Corporation for Public Broadcasting's guidelines concerning independence. The undersigned does not purport to meet the independence status requirements specified by generally accepted auditing standards. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WBST-FM, a public telecommunication entity owned and operated by Ball State University, as of June 30, 2022 and June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Tom Roberts, CPA
Director of Internal Audit and Advisory Services
Ball State University
February 10, 2023

Internal Audit and Advisory Services
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WBST-FM Public Radio
A Telecommunications Entity Operated by Ball State University
Management's Discussion and Analysis
For the Year Ended June 30, 2022

This discussion and analysis provides an overview of the financial statements for WBST 92.1 FM (the Station). WBST operates under the name of Indiana Public Radio (IPR) because it better describes the current operation, which includes WBSB 89.5 FM, Anderson; WBSW 90.9 FM, Marion; and WBSH 91.1 FM, Hagerstown/New Castle. This report reflects Indiana Public Radio's financial position for the fiscal years ended June 30, 2022, and 2021, along with comparative financial information for the fiscal year ended June 30, 2020. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. The discussion and analysis are designed to provide an objective analysis of the Station's financial position based on currently known facts, decisions, and conditions. The completeness and fairness of the financial statements, notes to the financial statements, and this discussion are the responsibility of IPR's management.

Using this Report

This financial report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities. These statements focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole.

The three basic financial statements are the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The statements utilize an operating and non-operating basis of reporting whereby revenues that are charges for services and goods, including non-capital grants, are recorded as operating revenues. Essentially, all other types of revenue are non-operating or other revenue.

This annual financial report includes the report of independent auditors, the management's discussion and analysis, the basic financial statements referred to above, and notes to the financial statements.

Financial Highlights

The following are some of the overall financial highlights from the past two year ends:

- Total operating revenues increased in fiscal year 2021-2022 by .33%. In part, this remains the long-term effect of the pandemic on our ability to hold events, and ongoing challenges nationally in individual giving. Revenue growth would have been negative if not for the CPB American Rescue Act funding, which was recognized this year as revenue when received instead of when expended. This shift meant that we recognized $149,399 in revenue without any related expenditures.

- State support increased by 14.09% in fiscal year 2021-2022 when compared to fiscal year 2020-2021.

- Underwriting is beginning to recover nationally, and we are seeing this trend locally. This is also in part due to our ability to retain key staff in our underwriting area who have long-term relationships with business owners in our region.

- Operating expenses decreased in fiscal year 2021-2022 by 19.58% compared to fiscal year 2020-2021. Overall operating expenses decreased, especially in Programming & Production and Fundraising & Development due to staffing changes, reduced positions, and open positions. Some of the reductions will be permanent due to staffing restructuring.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

In order to assess the overall health of Indiana Public Radio, economic factors need to be considered at all levels including national (Corporation for Public Broadcasting (CPB)), state (Ball State University and Indiana Public Broadcasting Stations), and local (membership and business underwriting). The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report in summary fashion the financial position of IPR, focusing on the Station's net position and whether it increased or decreased during the year.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account, regardless of when cash was received or paid.

The following is a summary of the major components of the net position and operating results of IPR as of the end of the previous three fiscal years:

WBST-FM Public Radio
A Telecommunications Entity Operated by Ball State University
Net Position
Years Ended June 30, 2022, 2021, and 2020

	2022	2021 Restated	2020
Assets:			
Current Assets	$ 683,218	$ 318,159	$ 342,436
Noncurrent Assets:			
Capital Assets, Net of Depreciation	3,218	6,857	11,747
Lease Assets, Net of Depreciation	45,404	67,134	
Total Assets	$ 731,840	$ 392,150	$ 354,183
Liabilities:			
Current Liabilities	$ 50,717	$ 31,197	$ 81,207
Noncurrent Liabilities	30,922	46,859	
Total Liabilities	$ 81,639	$ 78,056	$ 81,207
Net Position:			
Invested in Capital Assets, Net of Related Debt	$ 3,218	$ 6,857	$ 11,747
Unrestricted	646,983	307,237	261,229
Total Net Position	$ 650,201	$ 314,094	$ 272,976
Total Liabilities and Net Position	$ 731,840	$ 392,150	$ 354,183

WBST-FM Public Radio
A Telecommunications Entity Operated by Ball State University
Changes in Net Position
Years Ended June 30, 2022, 2021, and 2020

	2022	2021	2020
Operating Revenues	$ 1,522,573	$ 1,517,560	$ 1,569,017
Operating Expenses	1,186,466	1,475,370	1,589,183
Net Operating Income/(Loss)	$ 336,107	$ 42,190	$ (20,166)
Net Position - Beginning of Year	314,094	272,976	293,142
Prior period adjustment for change in accounting principle (see note)		(1,072)	
Restated Net Position - End of Year	$ 650,201	$ 314,094	$ 272,976

Operating Revenues

Operating revenues increase net position and include all transactions that result in sales and/or receipts from goods and services such as memberships and underwriting. Federal, state, and private grants are considered operating if they are not for capital purposes. In addition, subscriptions and memberships, contributed support, and in-kind contributions are considered operating since they support WBST's principal ongoing operations.

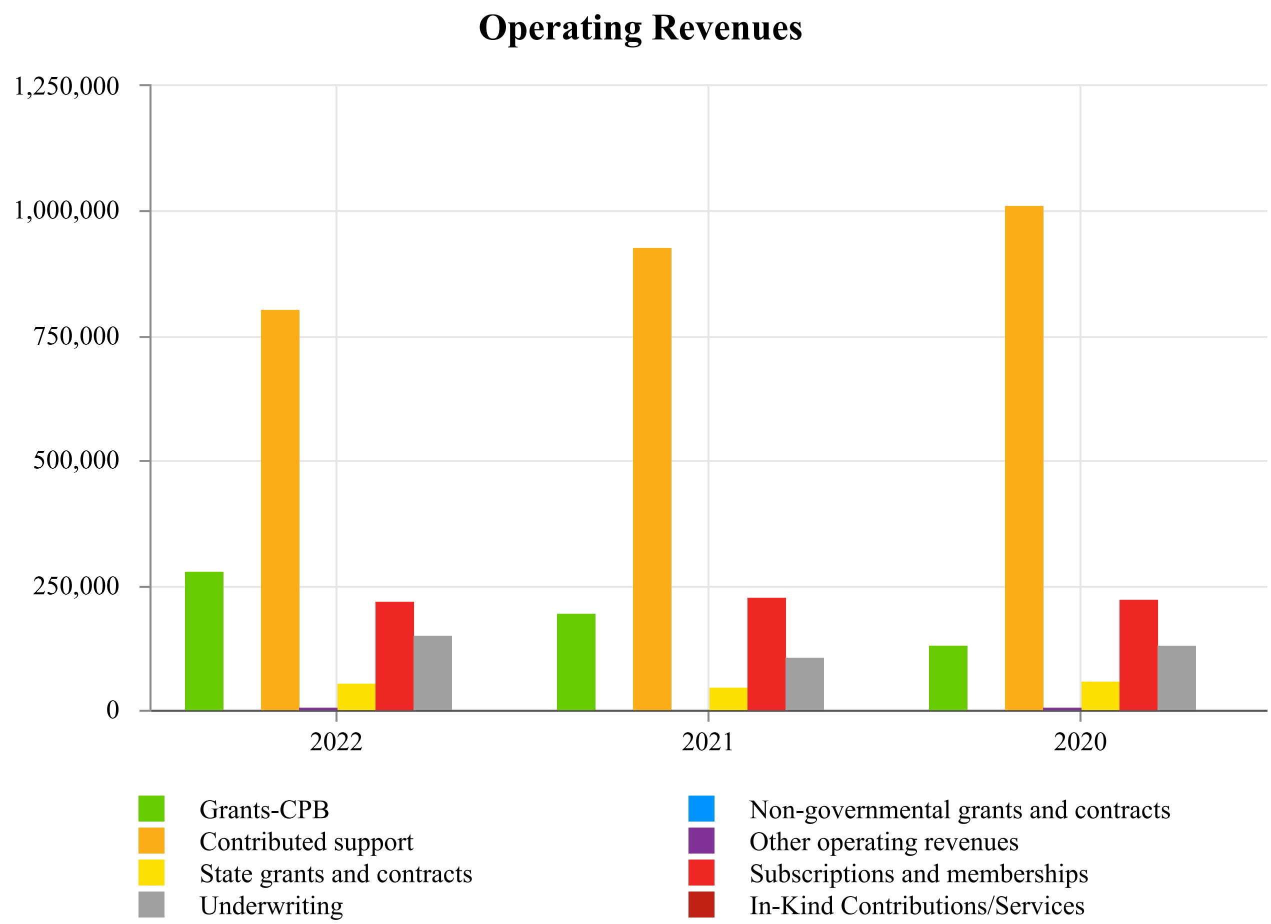
The following factors significantly impacted operating revenues:

- Total operating revenues increased in fiscal year 2021-2022 by .33%. In part, this remains the long-term effect of the pandemic on our ability to hold events, and ongoing challenges nationally in individual giving. Revenue growth would have been negative if not for the CPB American Rescue Act funding, which was recognized this year as revenue when received instead of when expended. This shift meant that we recognized $149,399 in revenue without any related expenditures.

- In fiscal year 2021-2022, we had a 3.27% decrease in subscriptions and memberships revenue. This reflects national trends in radio membership, as most stations saw a 3-8% reduction during this time. Also, lack of programmatic innovation on-the-air over several years means the potential for members is limited by a lack of changing opportunity to expand or develop additional audience.

- Underwriting revenue increased by 40.68% in fiscal year 2021-2022 compared to fiscal year 2020-2021. Underwriting continued to recover from the pandemic. This is also in part due to our ability to retain key staff in our underwriting area who have long-term relationships with business owners in our region.

The following is a graphic illustration of operating revenues by source:



Operating Expenses

Operating expenses reduce net position and comprise all the costs necessary to perform and conduct the programs and primary purposes of Indiana Public Radio.

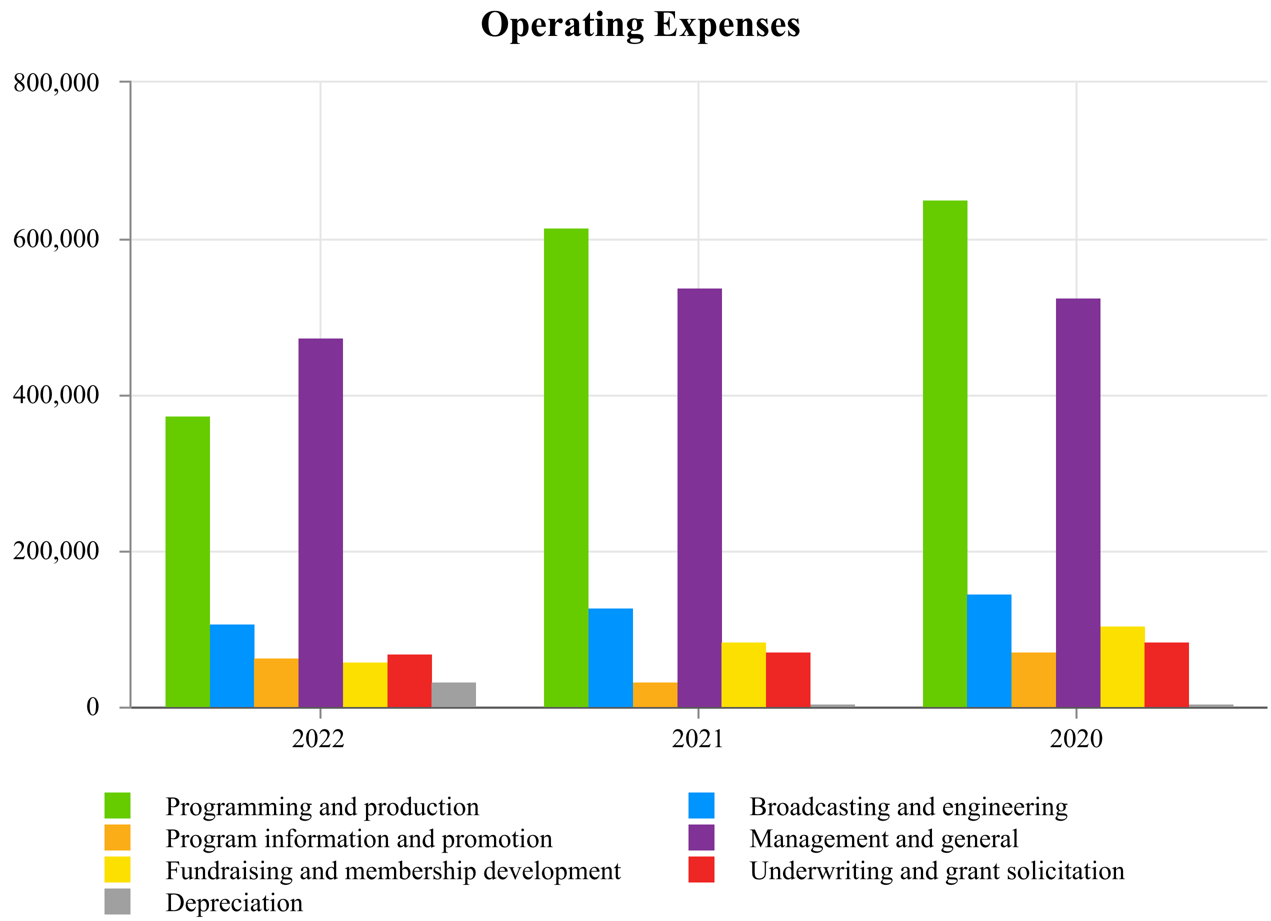
The following factors significantly impacted operating expenses:

- In fiscal year 2021-2022, we saw a decrease in overall expenses of 19.58%. Overall operating expenses decreased, especially in Programming & Production and Fundraising & Development due to staffing changes, reduced positions, and open positions. Some of the reductions will be permanent due to staffing restructuring.

- Other changes to operating expenses can be attributed to reductions in staffing and the 3% decrease in overall membership, thus reducing the costs associated with members. This is the primary reason for the 30.34% decrease in Fundraising and Membership Development.

- Program Information & Promotion expenses increased by 94.70% in part due to increases in annual programming fees, as well as one event held during this time that was not held in the previous fiscal year.

The following is a graphic illustration of operating expenses by source:



Non-Operating Revenue and Expenses

Non-operating revenues increase net position while non-operating expenses reduce net position. Non-operating revenues and expenses are generated from transactions that are primarily non-exchange in nature, consisting mainly of interest expense, and investment income (interest and dividend income and realized and unrealized gains and losses). The Station had no non-operating revenues or expenses to report for the last three fiscal years.

Statement of Cash Flows

The Statement of Cash Flows provides relevant information about the cash receipts and cash payments of IPR during the period. Unlike the Statement of Revenues, Expenses and Changes in Net Position, which reports revenues when they are earned and expenses when they are incurred, regardless of when cash is received or disbursed, the Statement of Cash Flows reports actual cash received and disbursed. The focus of the Statement of Cash Flows is on the increase or decrease in cash and cash equivalents. The Statement of Cash Flows helps the user assess IPR's:

1. Ability to generate future net cash flows.
2. Ability to meet obligations as they come due.
3. Need for external financing.

The major components of cash flows provided from operating activities are the University, memberships, underwriting, and CPB. The major components of cash flows used in operating activities are payments for employees (including benefits) and payments for national programming.

WBST-FM Public Radio

A Telecommunications Entity Operated by Ball State University

Statement of Net Position

As of June 30, 2022, and 2021

	2022	2021 Restated
Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 675,006	$ 314,523
Accounts Receivable, Net	—	—
Prepaid Expenses	8,212	3,636
Total Current Assets	$ 683,218	$ 318,159
Noncurrent Assets:		
Capital Assets, Net	$ 3,218	$ 6,857
Lease Assets, Net	45,404	67,134
Total Noncurrent Assets	$ 48,622	$ 73,991
Total Assets	$ 731,840	$ 392,150
Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 32,808	$ 1,971
Accrued Interest Liability	128	182
Unearned Revenue	2,730	7,879
Deferred Rent	(887)	(887)
Lease Payable	15,938	22,052
Total Current Liabilities	$ 50,717	$ 31,197
Noncurrent Liabilities:		
Deferred Rent	$ (4,208)	$ (4,208)
Lease Payable	35,130	51,067
Total Noncurrent Liabilities	$ 30,922	$ 46,859
Total Liabilities	$ 81,639	$ 78,056
Net Position:		
Invested in Capital Assets, Net of Related Debt	$ 3,218	$ 6,857
Unrestricted	646,983	307,237
Total Net Position	$ 650,201	$ 314,094
Total Liabilities and Net Position	$ 731,840	$ 392,150

See accompanying Notes to Financial Statements

WBST-FM Public Radio

A Telecommunications Entity Operated by Ball State University

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022, and 2021

	2022	2021
Operating Revenues:		
Grants - CPB	$ 279,219	$ 197,628
State grants and contracts	56,571	49,583
Non-governmental grants and contracts	500	250
Contributed support	803,458	929,810
Subscriptions and memberships	219,906	227,343
Underwriting	151,948	108,006
In-Kind Contributions/Services	4,120	4,940
Other operating revenues	6,851	—
Total Operating Revenues	$ 1,522,573	$ 1,517,560
Operating Expenses:		
Program Services:		
Programming and production	$ 374,850	$ 615,885
Broadcasting and engineering	108,929	127,848
Program information and promotion	63,790	32,764
Total Program Services	$ 547,569	$ 776,497
Supporting Services:		
Management and general	$ 474,892	$ 537,225
Fundraising and membership development	59,667	85,657
Underwriting and grant solicitation	69,971	71,101
Depreciation	34,367	4,890
Total Supporting Services	$ 638,897	$ 698,873
Total Operating Expenses	$ 1,186,466	$ 1,475,370
Operating Income/(Loss)	$ 336,107	$ 42,190
Net Position – Beginning of Year	314,094	272,976
Prior period adjustment for change in accounting principle (see note)		(1,072)
Restated Net Position at beginning of year		271,904
Net Position – End of Year	$ 650,201	$ 314,094

See accompanying Notes to Financial Statements

WBST-FM Public Radio
A Telecommunications Entity Operated by Ball State University
Statement of Cash Flows

Years Ended June 30, 2022, and 2021

	2022	2021
Cash Flows from Operating Activities:		
Grants and contracts	$ 336,290	$ 247,461
Direct University Support	521,344	589,894
Payments to suppliers	(199,950)	(417,967)
Payments for utilities	(40,659)	(26,935)
Payments for personnel services	(274,248)	(338,705)
Payments for benefits	(33,559)	(30,737)
Payments for non-budgeted University support	(312,807)	(312,410)
Payments for other operating costs	(486)	—
Memberships & Subscriptions	219,906	227,343
Underwriting	146,799	38,724
Other operating receipts	6,851	—
Net Cash Provided/(Used) by Operating Activities	$ 369,481	$ (23,332)
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	$ (8,998)	$ —
Net Cash Provided/(Used) by Capital Financing Activities	$ (8,998)	$ —
Net Increase/(Decrease) in Cash	$ 360,483	$ (23,332)
Cash and Cash Equivalents – Beginning of the Year	314,523	337,855
Cash and Cash Equivalents – End of the Year	$ 675,006	$ 314,523
Reconciliation of Change in Net Position to Net Cash Used by Operating Activities:		
Operating Income/(Loss)	$ 336,107	$ 42,190
Adjustments to reconcile change in net position to net cash used by operating activities:		
Depreciation	34,367	4,890
Changes in Assets and Liabilities:		
Accounts receivable, net	—	—
Prepaid expenses	(4,575)	945
Accounts payable and accrued liabilities	(54)	(2,075)
Accrued interest liability	30,837	—
Unearned revenue	(5,149)	(69,282)
Deferred rent, ST	—	—
Lease payable, ST	(6,114)	—
Deferred rent, LT	—	—
Lease payable, LT	(15,938)	—
Net Cash Provided/(Used) by Operating Activities	$ 369,481	$ (23,332)

See accompanying Notes to Financial Statements

WBST-FM Public Radio
A Telecommunications Entity Operated by Ball State University
Notes to Financial Statements
June 30, 2022, and 2021

A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION
WBST-FM (the Station) is operated by Ball State University (the University), in Muncie, Indiana. Indiana Public Radio was formed under the CPB designee WBST-FM. Indiana Public Radio consists of WBST-Muncie, WBSB-Anderson, WBSW-Marion, and WBSH-New Castle/Hagerstown.

The financial statements reflect only the activity of the Station and are not intended to present fairly the position of the University, and the results of its operations and cash flows.

Portions of both contribution and membership income and expenditures are deposited in and disbursed by the Ball State University Foundation.

BASIS OF PRESENTATION
The financial statements of the Station have been prepared in accordance with the principles outlined in Statement No. 35 of the Governmental Accounting Standards Board (GASB), and all other applicable GASB pronouncements. The Station has elected to report its financial results as a special-purpose government entity engaged in business-type activities, using proprietary fund accounting and financial reporting. Required financial statements consist of: Management's Discussion and Analysis; Statement of Net Position; Statement of Revenue, Expenses and Changes in Net Position; Statement of Cash Flows; Notes to Financial Statements.

The financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize "double-counting" of internal activities. Interfund receivables and payables have been eliminated in the Statement of Net Position. Eliminations have been made in the Statement of Revenues, Expenses and Changes in Net Position to remove the "doubling-up" effect of internal service fund activity.

CASH, CASH EQUIVALENTS, AND CREDIT RISKS
Cash and cash equivalents include all highly liquid investments with maturities of ninety days or less as of June 30 for each fiscal year end, that bear little or no market risk. The Station's funds are held and managed by Ball State University and the Ball State University Foundation. Each institution has an Investment Policy which ultimately determines the credit risk for the Station. The Station believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Station's "demand deposits" with each institution were as follows:

	June 30,	
	2022	2021
Ball State University Foundation	$434,116	$234,775
Ball State University	240,890	79,748
Total Cash and Cash Equivalents	$675,006	$314,523

ACCOUNTS RECEIVABLE
Accounts receivable consists of amounts due from grants and contracts.

PREPAID EXPENSES
Prepaid expenses are expenses paid in one fiscal year for expenses related to the next fiscal year. The expense will be recorded in a future period.

CAPITAL ASSETS
Capital assets consist of equipment with a cost of $5,000 or more and a useful life in excess of one year. Expenditures for equipment valued less than $5,000 are expensed rather than capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally between three and ten years for equipment. Capital assets are recorded at cost or, for contributed assets, at fair value at the date of acquisition. Non-capital equipment, routine repairs, and maintenance are charged to operating expenses in the year the expense was incurred. The transmitter, tower, and antenna are owned by Ball State University.

ACCOUNTS PAYABLE
Accounts payable consists primarily of amounts due for accrued operating expenses.

UNEARNED REVENUE
Unearned revenue is recorded for current cash receipts for certain contract and grant sponsors that have not yet been earned. The revenue will be recorded in a future period.

COMPENSATED ABSENCES
Employees of the Station are considered employees of Ball State University for purposes of determining employee benefits, and the ultimate liability for payment of these benefits remains with Ball State University. Accordingly, no accruals for employee benefits have been included in these financial statements. However, the compensated absence change in net expense for station employees is included as part of Contributed support on the Statement of Revenues, Expenses and Changes in Net Position.

OPERATING REVENUES AND EXPENSES
Operating revenues encompass all revenues arising from the activities described in the Indiana Public Radio mission statement. This includes revenues from grants and contracts, contributed support, subscriptions and memberships, and underwriting revenues. Revenues from investing activities and capital grants are considered to be non-operating revenue.

Operating expenses encompass all expenses paid to acquire goods and services provided in return for operating revenues and to carry out the mission of the Station. This includes programming and production, broadcasting and engineering, program information and promotion, management and general, fundraising and membership development, underwriting and grant solicitation, and depreciation expenses. Expenses are reported using functional classifications in the Statement of Revenues, Expenses and Changes in Net Position.

NON-FEDERAL 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 market 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 operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria for inclusion 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.

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 for inclusion 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 Station are accounted for using the following funds for CPB purposes. Reported NFFS for the Station was $1,174,770 and $1,251,145 for 2022 and 2021, respectively. Please note that the prior year's reported NFFS may have changed after the audited financial statements were released due to the CPB audit.

REVENUE RECOGNITION
Membership pledges and grants that are unrestricted are recorded as revenue in the Statement of Revenues, Expenses and Changes in Net Position when received and are available for current operations of the Station.

INDIRECT ADMINISTRATIVE SUPPORT
Indirect support from Ball State University is based on operating expenses of areas which provide indirect support to the Station and WBST's pro rata use of the Ball Communication Building and David Letterman Communication and Media Building. Support is recognized as revenue and expense in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

In-kind contributions are non-cash contributions received by the Station from outside the licensee. In-kind contributions are recorded as revenue and expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. These donations are recorded at their estimated fair market value at date of receipt.

PLEDGES
There were no outstanding pledges at June 30, 2022, and 2021, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing the various programs and other activities have been summarized on a functional basis on the Statement of Revenue, Expenses and Changes in Net Position. Accordingly, certain costs have been allocated among program and supporting services benefited, based on total personnel costs or other systematic basis.

FEDERAL INCOME TAXES
Under Internal Revenue Code Section 115, Ball State University is exempt from income taxes on related business income. Ball State University is subject to tax on unrelated business income under the Internal Revenue Code. The Station's unrelated business income, when applicable, is included in the University's tax return. The Station had no tax liability as of June 30, 2022, or 2021, respectively.

RECLASSIFICATIONS/RESTATEMENTS
Certain reclassifications have been made to certain notes for comparative purposes.

A restatement of the Statement of Net Position was necessary for the fiscal year ended June 30, 2021, due to the implementation of GASB Statement No. 87, *Leases.* The purpose of this statement changes the reporting of leases to a single model and recognizes that leases are financings of the right to use an underlying asset. This statement changes the accounting for both lessees and lessors. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Refer to Note F for additional information on leases and Note H for additional information on the restatement.

B. CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS
The Corporation for Public Broadcasting is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization. There was $6,721.34 in unexpended CSG CPB funds on hand as of June 30, 2022, and none as of June 30, 2021.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of the grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

C. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Station employees are covered by the same pension and other post-employment benefit plans as other employees of the University. Complete details of these plans can be found in the Ball State University Annual Financial Report by going to bsu.edu/about/administrativeoffices/controller, and selecting Financial Reporting.

PENSION PLANS - DEFINED BENEFIT and DEFINED CONTRIBUTION RETIREMENT FUNDS

The University contributes to three defined retirement funds. The funds are administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report that includes financial statements and required supplementary information for these funds as a whole and for its participants. Please go to www.in.gov/inprs/annualreports.htm to view INPRS financial reports.

<u>Defined benefit retirement funds</u>
Public Employees' Defined Benefit Account (PERF DB)
Teachers' 1996 Defined Benefit Account (TRF 1996 DB)
Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB)

PUBLIC EMPLOYEES' DEFINED BENEFIT and CONTRIBUTION ACCOUNTS (HYBRID PLAN)

The Public Employees' Defined Benefit Account (PERF DB) is a cost-sharing, multiple-employer defined benefit fund, established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan. As an instrumentality of the State of Indiana, Ball State University is allowed to participate in this plan. All full-time staff and service personnel are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2, and other Indiana pension law) give the University authority to contribute to the plan and govern most requirements of the system. The PERF DB retirement benefit consists of the pension provided by employer contributions plus an additional amount provided by the member's Public Employees' Retirement Fund Defined Contribution Account (PERF DC). Member contributions are set by state statute at three percent of compensation. Ball State University has elected to pay all the contributions on behalf of the member. For the fiscal years ended June 30, 2022, and 2021, there were 1,088 and 1,120 University employees participating in PERF DB with an annual pay equal to $45,438,429 and $44,772,393, respectively.

TEACHERS' 1996 DEFINED BENEFIT and CONTRIBUTION ACCOUNTS

The Teachers' 1996 Defined Benefit Account (TRF 1996 DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. Administration of the account is generally in accordance with state statutes IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. TRF 1996 DB is the employer funded defined benefit component of the Teachers' Hybrid Plan, and the Teachers' Defined Contribution Account (TRF DC) is the other component.

Certain employees who participate in TRF 1996 DB are also eligible for supplementary retirement benefits under a noncontributory plan. Effective November 2, 2020, Fidelity Investments was selected as the sole recordkeeping services provider for the plan. Existing funds in place prior to that date were either transferred to Fidelity or remained with the previous provider.

The employer funded defined benefit consists of the pension provided by employer contributions, plus an additional amount provided by the member's TRF DC account. The TRF DC account consists of the member's contributions, set by state statute at three percent of compensation. Ball State University has elected to make the TRF DC contributions on behalf of the member. For the fiscal year ended June 30, 2022, there were 390 University employees participating in TRF 1996 DB with annual pay equal to $24,807,882. The University recorded 315 employees participating in the TRF 1996 DB with annual pay equal to $22,637,993 for fiscal year June 30, 2021. The University contributes at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 5.5 percent of covered payroll. The University's contributions to TRF 1996 DB and the associated TRF DC contributions for the fiscal years ended June 30, 2022, and 2021, were $2,106,005, and $1,918,908, respectively. The University contributed 100.0 percent of required contributions for each of the fiscal years.

TEACHERS' PRE-1996 DEFINED BENEFIT and CONTRIBUTION ACCOUNTS

The Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB) is a pay-as-you-go, cost-sharing, multiple-employer defined benefit fund, providing retirement, disability, and survivor benefits. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. TRF Pre-1996 DB is the employer-funded defined benefit component of the Teachers' Hybrid Plan, and the Teachers' Defined Contribution Account (TRF DC) is the other component. Membership in TRF Pre-1996 DB is closed to new entrants.

Generally, members hired prior to 1996 participate in TRF Pre-1996 DB, and members hired after 1996 participate in TRF 1996 DB. The pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for the net pension liability and contributions to the pension plan. TRF Pre-1996 Account members contribute three percent of covered payroll to their TRF DC account. The University has elected to make the contributions on behalf of their participating employees. For the fiscal year ended June 30, 2022, the University shows 18 University employees participating in TRF Pre-1996 DB with annual payroll equal to $1,854,963. The University's contributions to the TRF Pre-1996 DB for fiscal year ended June 30, 2022, was $136,116 which included payments to the TRF DC on behalf of the members. For the fiscal year ended June 30, 2021, the University showed 20 employees participating in the TRF Pre-1996 DB with annual payroll equal to $2,018,150. The University's contributions to the TRF Pre-1996 DB for fiscal year ended June 30, 2021, were $148,613.

ALTERNATE PENSION PLAN

Faculty and professional personnel of the University have the option, in accordance with IC 21-38-3-3 and IC 21-38-7-3, to participate in a defined contribution plan. Effective November 2, 2020, Fidelity Investments was selected as the sole recordkeeping services provider for the plan. Existing funds in place prior to that date were either transferred to Fidelity or remained with the previous provider. Benefit provisions are established and/or amended by the University’s Board of Trustees. These plans have no assets held in trust as the plan makes contributions to individual members' account and provides for immediate vesting. The University contributes 12.27 percent of each participating employee's base salary for employees hired before October 1, 2010. For employees hired on or after October 1, 2010, the University contributes 5 percent of each employee's base salary for the first three years and 10.5 percent for each year thereafter. For the fiscal year ended June 30, 2022, the University contributed $12,608,826 to this plan for 1,398 participating employees with annual payroll totaling $125,023,011, and for fiscal year ended June 30, 2021, the University contributed $12,044,083 for 1,288 employees with payroll totaling $120,593,850.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

OPEB Plan Description. In addition to providing retirement benefits, the University, as authorized by the University’s Board of Trustees, provides certain health care and life insurance benefits for qualified retired employees.

The University has two Other Postemployment Benefits Other than Pension (OPEB) plans. The first plan, Ball State University Health Care Plan, was established to help offset the cost of retiree health care for both eligible retirees and the University. A Voluntary Employee Beneficiary Association (VEBA) Trust was created to provide a vehicle where assets could be accumulated for this specific purpose. The retiree health care plan is a single-employer defined benefit plan that is administered by the University. Beginning January 1, 2020, the plan was closed to new hires and employees not in a benefits-eligible positions.

The second OPEB plan, Ball State University OPEB 115 Plan, was established to help offset the cost of retiree life insurance for both the members and the University. This plan is an open single-employer defined benefit plan that is administered by the University. Likewise, it has a trust, OPEB 115 Trust, connected to the plan to allow for the accumulation of earnings and the payment of a large portion of the insurance premiums.

Since the University administers defined benefit OPEB plans that have trusts or equitable arrangements attached, adoption of GASB Statement No. 74 was required and impacts the financial reports of the plan administrator. GASB Statement No. 74 superseded GASB Statement No. 43 and focuses on changes in the actuarial valuation and added new disclosure requirements for financial reporting. The complement standard to GASB Statement No. 74 is GASB Statement No. 75 which replaced GASB Statement No. 45 and requires significant changes to the reporting and disclosures of defined benefit OPEB plans of plan sponsors. These two standards are similar to the two pension standards, GASB Statements No. 67 and 68, that were enacted to provide consistency in measurement and transparency of future liability obligations.

The retiree health and life insurance plans no longer issue stand-alone financial statements. The trusts fall under the fiduciary responsibility of the University and are presented in the Financial Statements of the University.

Benefits Provided. Health insurance at Ball State University is a self-funded plan that utilizes third party administrators for health, dental, and prescription drug benefits. Retiree health care benefits are the same as employee health care benefits (for retirees not eligible for Medicare) or substantially the same (for retirees who qualify for Medicare). The Plan includes prescription drug coverage, but dental coverage is optional. Spouses and dependents are eligible for coverage under the same rules as the employee plan, and unmarried surviving spouses are eligible to retain the coverage for the remainder of their lifetime. Medicare-eligible retirees and spouses receive supplemental “carve-out” medical coverage which is coordinated with Medicare Part A and Part B. Dental and prescription drug coverage is the same under all plans.

The Hartford provides a fully-funded life insurance plan for retired employees with premiums set at annual renewal. Eligible employees receive life insurance coverage equal to 103.0 percent of twice the amount of their defined annual compensation, up to a maximum of $125.0 thousand. Retirees are eligible to receive 50.0 percent of the amount of coverage they have immediately prior to retirement or prior to reaching age 66, whichever occurs first, up to a maximum of $37.5 thousand.

Plan Administration. The authority to change benefits and to make adjustments to the plans and trusts ultimately resides with the University Board of Trustees. There is a committee of University personnel who work with consultants, third party administrators and other advisory services to propose changes to the benefit plans. These recommendations are then presented to the Vice President of Business Affairs and Treasurer for review and decision. If approved, the changes are presented to the Board of Trustees. A second committee composed of University personnel and designated trustees from the Board of Trustees work with external investment consultants, fund managers, and the trust custodian to manage the trust assets. The investment policy with any recommended changes is taken to the Board of Trustees for approval on an annual basis.

Eligibility. The University’s regular full-time employees may become eligible for retiree health and life insurance benefits upon attainment of age 62 with 15 years of services (and Health Plan participation). Eligible employees hired June 30, 2009, and prior may retire with health and life insurance benefits upon attainment of age 50 with 15 years of service (and 15 years of Health Plan participation). Eligible employees hired August 31, 1999, and prior may also retire with health and life insurance benefits at the earlier of age 50 with 15 years of service or age 60 with ten years of service (and 12 months of Health Plan participation). Eligible full-time contract faculty (not on a semester-by-semester basis) may accumulate cumulative years of service instead of consecutive years of service. Beginning January 1, 2020, the retiree health plan is closed to new hires and those who were not in a benefit eligible position. As of June 30, 2022, 1,257 retirees were enrolled in life insurance coverage, and 2,150 retirees, spouses and surviving spouses were enrolled in health insurance coverage. As of June 30, 2022, out of a total of 2,816 (2,938 in 2021) benefits eligible active employees, 653 (730 in 2021) had fulfilled the age and service requirements for these retiree benefits. Employees receiving benefits and who have successfully fulfilled the age and service requirements to qualify for retiree health and life insurance must enroll in the plan before they retire. If the election is not requested at the time of retirement, the employee will not be eligible to participate in the plans. There are no provisions for accepting late elections.

Plan Membership For Each Plan as of June 30,	2021	2020
Retirees with Life Insurance Coverage	1,142	1,113
Retirees, Spouses and Surviving Spouses with Health Insurance	2,032	2,037

Contributions. The required contribution is based on projected pay-as-you-go financing requirements, as well as amounts necessary to prefund benefits as determined annually by the University. It is the University’s intent to budget health care premiums so that claims and administrative expenses are covered. Any surplus of premiums over claims and administrative expenses are used to adjust the health care reserve balances. Residual balances are contributed to the VEBA Trust.

Each year, the Board of Trustees establishes premiums for the next calendar year, of which premiums paid by the employees and retirees range between 11.0 and 29.0 percent, depending on the health plan. The premiums paid by the University range between 71.0 and 89.0 percent. The premiums are intended to fully fund all claims, administrative costs, and reserve adjustments. The claims and applicable administrative costs of current retirees are paid from the self-funded plan, while the contributions to the VEBA Trust are intended to partially fund claims and administrative costs for eligible retirees and their beneficiaries in the future.

For the year ended June 30, 2022, retirees contributed $3.5 million ($3.4 million in 2021) in premiums for health care coverage while the University contributed $9.5 million ($9.2 million in 2021). Retirees not eligible for Medicare were limited to one plan option in calendar year 2022, the High Deductible Wellness plan. Monthly premiums paid by retirees not eligible for Medicare ranged from $120.42 for single coverage to $312.63 for family coverage.

Medicare-eligible retirees and spouses each paid $126.06 for medical and prescription drug coverage. Both non-Medicare and Medicare-eligible retirees and spouses paid $12.79 if they chose the optional dental coverage. This was in addition to the Medicare Part B Premium.

Ball State University accounts for the OPEB 115 Plan in a manner similar to the Health Care Plan. Each year, The Hartford establishes, and the Board of Trustees approves, premiums for the next fiscal year. The Plan collects 25.0 percent from employees and retirees and 75.0 percent from the University. The premiums are intended to fully fund all claims and administrative costs for employees and retirees. The Hartford bills the University for monthly premiums.

For the year ended June 30, 2022, retirees contributed $110.0 thousand ($106.4 thousand in 2021) in premiums for life insurance coverage to fulfill their 25.0 percent of total premium requirement, while the University contributed $339.8 thousand ($329.0 thousand in 2021) as its 75.0 percent requirement. Retirees pay $.0.2267 per $1,000 of coverage per month, which means the maximum monthly premium paid by retirees is $8.50.

Reserves. The University is self-funded with regard to its health care plans, and premium rates developed each year are expected to cover the cost of employees' and retirees' health care claims expense, as well as a variety of health plan-related administrative costs. In addition to its VEBA Trust for ensuring the continuity of the retiree health care plans, the University, consistent with best practices, maintains three health care reserve funds: the Reserve for Incurred but Unreported Claims (IBNR), the Reserve for Self-Insurance, and the Reserve for Post-Retirement Health.

The IBNR and the Reserve for Self-Insurance balances are actuarially determined at each fiscal year end. A qualified actuary uses completion factors that were developed using an eighteen month period of historical claim experience. These completion factors, when applied to claims paid, produce projected incurred claims by month. These projected claims less actual amounts paid produce the incurred but not paid claim liability as of the valuation date.

Ball State University is responsible for the entire health claim risk and, therefore, maintains a Reserve of Self-Insurance that would be used as a contingency reserve for unexpected, adverse claims experience. While the University has stop loss coverage, this reserve would help to cover the gap between high claimants and the stop loss coverage. In prior years, this reserve was based on the risk-based capital (RBC) formula. For the current year, the new actuaries calculated the reserve based on the number of participants, stop loss coverage and claim experience.

The IBNR, Reserve for Self-Insurance, and the Reserve for Post-Retirement Health are adjusted by year-end activity in the Health Care Auxiliary funds of the University. The Health Care Auxiliary fund accounts for all premiums received during the fiscal year from the University, active employees, and retirees. The Auxiliary fund also accounts for all claims paid during the fiscal year and a variety of health care-related administrative expenses. Premium rates are set to cover the anticipated cost of claims and expenses. At fiscal year-end, if the Health Care Auxiliary has a surplus of premiums over expenses, the resulting surplus is used to fund the current year-end actuarial estimates for the IBNR and the Reserve for Self-Insurance. Any residual is held in the Reserve for Post-Retirement Health. If the Health Care Auxiliary has a deficit, it is funded first by the Reserve for Post-Retirement Health and if needed, by the Reserve for Self-Insurance. At the University's discretion, a contribution of funds from the Reserve for Post-Retirement Health fund to the VEBA is performed when funds are available and it is strategically appropriate.

The balances of the reserve funds for the fiscal years ended June 30, 2022, and 2021 are shown below:

	June 30, 2022	June 30, 2021
Reserve for Unreported Claims	$ 4,729,854	$ 3,992,144
Reserve for Self-Insurance	$ 6,750,000	$ 5,937,000
Reserve for Post-Retirement Health	$ 15,760,671	$ 19,402,650

D. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support consists of allocated University support and physical plant costs for which the Station receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses and Changes in Net Position as part of contributed support and also as part of expense in the management and general functional expense category.

E. CAPITAL ASSETS

	Book Value June 30, 2021	Additions	Retirements	Book Value June 30, 2022
Capital Assets:				
Broadcast equipment	$ 492,247	$ 8,998	$ 176,497	$ 324,748
Software	109,653	—	—	109,653
Furniture and office equipment	3,665	—	—	3,665
Antenna/Tower	121,383	—	—	121,383
Total Capital Assets	$ 726,948	$ 8,998	$ 176,497	$ 559,449
Less Accumulated Depreciation:				
Broadcast equipment	$ 486,856	$ 11,904	$ 176,497	$ 322,263
Software	109,653	—	—	109,653
Furniture and office equipment	2,199	733	—	2,932
Antenna/Tower	121,383	—	—	121,383
Total Accumulated Depreciation	$ 720,091	$ 12,637	$ 176,497	$ 556,231
Capital Assets, Net	$ 6,857	$ (3,639)	$ —	$ 3,218

	Book Value June 30, 2020	Additions	Retirements	Book Value June 30, 2021
Capital Assets:				
Broadcast equipment	$ 492,247	$ —	$ —	$ 492,247
Software	109,653	—	—	109,653
Furniture and office equipment	3,665	—	—	3,665
Antenna/Tower	121,383	—	—	121,383
Total Capital Assets	$ 726,948	$ —	$ —	$ 726,948
Less Accumulated Depreciation:				
Broadcast equipment	$ 482,699	$ 4,157	$ —	$ 486,856
Software	109,653	—	—	109,653
Furniture and office equipment	1,466	733	—	2,199
Antenna/Tower	121,383	—	—	121,383
Total Accumulated Depreciation	$ 715,201	$ 4,890	$ —	$ 720,091
Capital Assets, Net	$ 11,747	$ (4,890)	$ —	$ 6,857

Depreciation expense for the year ended June 30, 2022, totaled $34,367, comprised of $12,637 in capital asset depreciation expense and $21,730 in lease asset amortization expense. For the year ended June 30, 2021, depreciation expense totaled $4,890, comprised of $4,890 in capital asset depreciation expense.

F. LEASES

As a result of the University implementation of GASB 87, *Leases*, there is no longer a differentiation between operating and capital leases. This standard adopts a single model that all leases represent financings. Lessees are required to concurrently recognize a right-of-use asset and the related lease liability. The lease liability is measured at the present value of effectively fixed minimum lease payments, while the asset's initial balance will equal the liability plus additional payments for initial direct costs made to the lessor on or before the start of the lease term. As the right-of-use asset is classified as an intangible, lessees are required to amortize the value of the asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. In addition, lessees are required to recognize interest expenses over time based on the current balance of the lease and the implicit interest rate charged to the lessee. Lessors are required to report a lease receivable that is measured at the present value of lease payments expected to be received during the lease term, and the deferred inflow of resources that are measured at the value of the lease.

LEASE RECEIVABLES

The Station does not have any lease receivables for the fiscal years ended June 30, 2022, or June 30, 2021.

LEASE PAYABLES

The Station is a lessee of equipment with monthly fixed payments for lease terms that range from five to ten years with likely renewals. Please see the table below for the related details, including the amount of the lease assets and the related accumulated amortization, both in total and by classification of the underlying assets.

	June 30, 2022			June 30, 2021		
Lease Classification	**Net Asset**	**Accumulated Amortization**	**Gross Asset**	**Net Asset**	**Accumulated Amortization**	**Gross Asset**
Building Total	$ —	$ —	$ —	$ —	$ —	$ —
Equipment Total	45,404	43,460	88,864	67,134	21,730	88,864
Vehicle Total	—	—	—	—	—	—
Totals	$ 45,404	$ 43,460	$ 88,864	$ 67,134	$ 21,730	$ 88,864

A maturity analysis of the University's lease liability balance is presented below. The schedule projects the undiscounted cash flows to be made in the future, separated by principal and interest.

Maturity Analysis of Lease Payables

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2023	$ 15,938	$ 1,379	$ 17,317
2024	16,905	866	17,771
2025	17,911	318	18,229
2026	314	1	315
2027	—	—	—
2028-2032	—	—	—
	$ 51,068	$ 2,564	$ 53,632

Lease expense recognized for the year was not included in the measurement of lease liabilities. For the year ended June 30, 2022, the total lease expense recognized was $21,730, and the total interest expense related to leases recognized was $1,925. For the year end June 30, 2021, the totals recognized were $21,730 in lease expense and $2,581 in interest expense related to leases.

G. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

H. RECLASSIFICATION/RESTATEMENT

A restatement of the Statement of Net Position was necessary for the fiscal year ended June 30, 2021, due to the implementation of GASB Statement No. 87, *Leases*, in fiscal year 2022. The net effect is outlined below.

	Prior to Restatement 2021	Restatement 2021	After Restatement 2021	Notes
Statement of Net Position:				
Noncurrent Assets:				
Lease assets, Net	—	67,134	67,134	A
Current Liabilities:				
Accrued Interest Liability	—	182	182	A
Deferred Rent	—	(887)	(887)	A
Lease Payable	—	22,052	22,052	A
Noncurrent Liabilities:				
Deferred Rent	—	(4,208)	(4,208)	A
Lease Payable	—	51,067	51,067	A
Net Position:				
Unrestricted	308,309	(1,072)	307,237	A

Note A: Due to the implementation of GASB Statement No. 87, *Leases*, a restatement was necessary. The impact of the restatement is also seen on the Statement of Revenues, Expenses, and Changes in Net Position to 2021 net position.