

KRCU 90.9 FM  
A PUBLIC BROADCASTING ENTITY  
OPERATED BY  
SOUTHEAST MISSOURI STATE UNIVERSITY

FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

**KRCU 90.9 FM**  
**A PUBLIC BROADCASTING ENTITY**  
**OPERATED BY**  
**SOUTHEAST MISSOURI STATE UNIVERSITY**

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June 30, 2020

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**KRCU 90.9 FM**  
**A Public Broadcasting Entity**  
**Operated by**  
**Southeast Missouri State University**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2020 and 2019**

**Overview of the Financial Statements and Financial Analysis**

Southeast Missouri State University is proud to present its financial statements for National Public Radio Station KRCU 90.9 FM (the Station) for the fiscal years ended June 30, 2020 and 2019. There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

This discussion and analysis of the Station's financial statements provides an overview of its financial activities for the year.

**Statement of Net Position**

The Statement of Net Position presents the assets, liabilities, and net position of the Station as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of KRCU 90.9 FM. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (Assets minus Liabilities).

Current assets consist primarily of unrestricted and restricted cash and cash equivalents, and prepaid expenses. Current assets totaled \$555,524 at June 30, 2020 and \$199,988 at June 30, 2019. That was an increase in current assets of \$355,536 from June 30, 2019.

The majority of noncurrent assets are capital assets which are recorded net of accumulated depreciation. Please refer to Note 3 in the footnotes to the basic financial statements for more information regarding the University's policy for depreciating capital assets.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Station. They are also able to determine how much the Station owes vendors. Finally, the Statement of Net Position provides a picture of the net position (assets minus liabilities) and their availability for expenditure by the Station.

Current liabilities consist primarily of accounts payable, accrued compensation, due to University, and unearned income. Current liabilities totaled \$190,630 at June 30, 2020 and \$85,664 at June 30, 2019. The increase in current liabilities was \$104,966 from June 30, 2019.

Noncurrent liabilities which totaled \$242,373 at June 30, 2020 and \$254,873 at June 30, 2019, primarily consist of long-term debt.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the Station's equity in property, plant and equipment. The next category is restricted net position. Expendable restricted net assets are available for expenditures by the Station but must be spent for purposes as determined by the donors and/or external entities that have placed item or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted assets are available to the Station for any lawful purpose of the Station.

The total assets of the Station increased \$309,244 from \$1,020,292 at June 30, 2019 to \$1,329,536 at June 30, 2020.

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

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the Station, both operating and non-operating, and the expenses paid by the Station, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Station.

Total operating revenues for fiscal year 2020 were \$931,293, up \$290,215 from operating revenues of \$641,078 in fiscal year 2019. The University decreased their appropriation to KRCU by \$35,627 in fiscal year 2020. Operating expenses increased \$92,401 from \$622,114 at June 30, 2019 to \$714,515 at June 30, 2020. KRCU experienced an operating gain in 2020 of \$216,778 and a net operating gain in 2019 of \$18,964.

### **Economic Outlook**

Southeast Missouri State University is the only four-year, public university located in the southeast portion of Missouri between St. Louis and Arkansas border. Declining traditional-age college prospects, increased competition, and growing concerns about the affordability of college education have led to a decline in overall enrollment at the University the past several academic years. The University is continuously working on strategies to help the institute overcome these and other challenges in order to remain an academically vibrant and financially viable engine of personal and economic development for its region and beyond.

In the fall of 2016, the University announced a goal to retain at least 80% of first-time, full-time students to the second year and to graduate at least 60% of first-time, full-time students in six years. Fall 2020 census data show that Southeast met the first of these goals by achieving a record high freshman to sophomore retention rate of 80%. This is seen as a good sign relative to six-year graduation rates, which have generally been

trending upward. Continuing improvement in student outcomes remains, as always, on the horizon.

The Board of Regents approved a \$139 million operating budget for fiscal year 2021. The University was intentionally conservative in its planning assumptions, projecting an enrollment decrease of nearly 600 (headcount) students and a 20% reduction, from FY20 funding levels, in its state appropriations. As time passed following the onset of COVID-19, hope faded that the pandemic might be short-lived and leave minimal economic damage in its wake. Southeast identified a budget need of nearly \$21 million and created a three-year plan to address it, an approach that will serve the University well in ensuing that its finances are aligned with the ever-changing higher education marketplace.

Although the myriad factors that have created headwinds over the past several years will continue to pose budgetary challenges, all of which have been exacerbated by COVID-19, the University has shown itself capable in responding to such challenges. The University is more focused than ever on maximizing its net tuition revenues, pursuing financially advantageous partnerships, and ensuring that its expenditures reflect its highest priority – student success.

### **Contacting the University's Financial Management**

The financial report is designed to provide a general overview of the University's finances and to show the University's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Vice President for Finance and Administration, One University Plaza, MS3000, Cape Girardeau, MO 63701.



**HILLIN AND COMPANY, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of KRCU

**Report on the Financial Statement**

We have audited the accompanying financial statements of KRCU 90.9 FM Radio, a Public Broadcasting Entity operated by and a division of Southeast Missouri State University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity's internal control. Accordingly, we express no such opinion. An audit also 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 statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of KRCU 90.9 FM Radio as of June 30, 2020 and 2019, and the respective changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the KRCU 90.9 FM's basic financial statements. The accompanying financial information listed as supplementary information on page 19 and 20 is presented for purposes of additional analysis is not a required part of the basic financial statements.

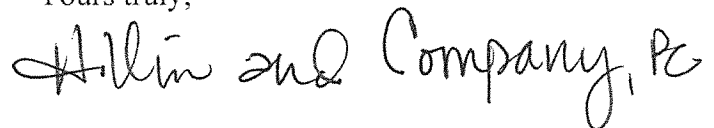
The accompanying financial information listed as supplementary information on page 19 and 20 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, on our consideration of the KRCU 90.9 FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KRCU 90.9 FM's internal control over financial reporting and compliance.

Yours truly,

A handwritten signature in black ink that reads "Hillin and Company, PC". The signature is written in a cursive, flowing style.

HILLIN AND COMPANY, PC

Cape Girardeau, Missouri  
February 5, 2021





HILLIN AND COMPANY, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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CORRIE VASSALLI, CQA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of KRCU 90.9 FM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KRCU 90.9 FM, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2021.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered KRCU 90.9 FM Radio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KRCU 90.9 FM Radio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KRCU 90.9 FM Radio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours truly,

  
HILLIN AND COMPANY, PC

Cape Girardeau, Missouri  
February 5, 2021

KRCU 90.9 FM  
A PUBLIC BROADCASTING ENTITY  
OPERATED BY  
SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENTS OF NET POSITION

For the Years Ended June 30, 2020 and June 30, 2019

| <u>ASSETS:</u>                       | <u>2020</u>                | <u>2019</u>                |
|--------------------------------------|----------------------------|----------------------------|
| Current Assets:                      |                            |                            |
| Cash and Cash Equivalents            | \$ 543,263                 | \$ 186,788                 |
| Restricted Cash and Cash Equivalents | 6,020                      | 6,616                      |
| Prepaid Expenses                     | 6,241                      | 6,584                      |
| Total Current Assets                 | <u>\$ 555,524</u>          | <u>\$ 199,988</u>          |
| Noncurrent Assets:                   |                            |                            |
| Equipment, Net                       | \$ 774,012                 | \$ 820,304                 |
| Total Noncurrent Assets              | <u>\$ 774,012</u>          | <u>\$ 820,304</u>          |
| Total Assets                         | <u><u>\$ 1,329,536</u></u> | <u><u>\$ 1,020,292</u></u> |
| <u>LIABILITIES:</u>                  |                            |                            |
| Current Liabilities:                 |                            |                            |
| Accounts Payable                     | \$ 2,343                   | \$ 394                     |
| Due to University                    | 12,500                     | 22,809                     |
| Deferred Revenue                     | 160,369                    | 50,656                     |
| Accrued Compensation                 | 15,418                     | 11,805                     |
| Total Current Liabilities            | <u>\$ 190,630</u>          | <u>\$ 85,664</u>           |
| <u>NONCURRENT LIABILITIES:</u>       |                            |                            |
| Due to University                    | <u>\$ 242,373</u>          | <u>\$ 254,873</u>          |
| Total Noncurrent Liabilities         | <u>\$ 242,373</u>          | <u>\$ 254,873</u>          |
| Total Liabilities                    | <u>\$ 433,003</u>          | <u>\$ 340,537</u>          |
| <u>NET POSITION:</u>                 |                            |                            |
| Net Investment in Capital Assets     | \$ 774,012                 | \$ 820,304                 |
| Restricted                           | 6,020                      | 6,616                      |
| Unrestricted                         | 116,501                    | (147,165)                  |
| Total Net Position                   | <u>\$ 896,533</u>          | <u>\$ 679,755</u>          |
| Total Liabilities and Net Position   | <u><u>\$ 1,329,536</u></u> | <u><u>\$ 1,020,292</u></u> |

The accompanying notes are an integral part  
of the basic financial statements.

**KRCU 90.9 FM**  
**A PUBLIC BROADCASTING ENTITY**  
**OPERATED BY**  
**SOUTHEAST MISSOURI STATE UNIVERSITY**

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

For the Years Ended June 30, 2020 and 2019

| <b><u>REVENUES:</u></b>                   | <b><u>2020</u></b>           | <b><u>2019</u></b>           |
|---|------------------------------|------------------------------|
| Operating Revenues                        |                              |                              |
| General Appropriation from the University | \$ 161,185                   | \$ 196,812                   |
| Donated Facilities and Administrative     |                              |                              |
| Support from University                   | 121,309                      | 94,704                       |
| Corporation for Public Broadcasting Grant | 127,982                      | 124,538                      |
| Missouri Arts Council Grant               | 7,464                        | 10,839                       |
| Contributions                             | 496,119                      | 184,217                      |
| Other Operating Revenues                  | 17,234                       | 29,968                       |
| Total Operating Revenues                  | <u>\$ 931,293</u>            | <u>\$ 641,078</u>            |
| <br><b><u>EXPENSES:</u></b>               |                              |                              |
| Operating Expenses                        |                              |                              |
| Program Services:                         |                              |                              |
| Programming and Production                | \$ 287,841                   | \$ 256,414                   |
| Broadcasting                              | 96,344                       | 98,858                       |
| Program Information and Promotion         | 2,696                        | 7,144                        |
| Subtotal                                  | <u>\$ 386,881</u>            | <u>\$ 362,416</u>            |
| Supporting Services:                      |                              |                              |
| Management and General                    | \$ 197,236                   | \$ 115,306                   |
| Fund Raising and Membership Development   | 56,546                       | 56,039                       |
| Underwriting and Grant Solicitation       | 18,560                       | 18,087                       |
| Subtotal                                  | <u>\$ 272,342</u>            | <u>\$ 189,432</u>            |
| Depreciation Expense                      | <u>\$ 55,292</u>             | <u>\$ 67,771</u>             |
| Disposal                                  |                              | 2,495                        |
| Total Operating Expenses                  | <u>\$ 714,515</u>            | <u>\$ 622,114</u>            |
| <br>CHANGE IN NET POSITION                | <br>\$ 216,778               | <br>\$ 18,964                |
| <br>NET POSITION, BEGINNING OF YEAR       | <br><u>679,755</u>           | <br><u>660,791</u>           |
| <br>NET POSITION, END OF YEAR             | <br><u><u>\$ 896,533</u></u> | <br><u><u>\$ 679,755</u></u> |

The accompanying notes are an integral part  
of the basic financial statements.

**KRCU 90.9 FM**  
**A PUBLIC BROADCASTING ENTITY**  
**OPERATED BY**  
**SOUTHEAST MISSOURI STATE UNIVERSITY**

STATEMENTS OF CASH FLOWS

For Years Ended June 30, 2020 and 2019

|  |                          |                          |
|--|--------------------------|--------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>                   | <u>2020</u>              | <u>2019</u>              |
| Institutional Commitment                                       | \$ 161,185               | \$ 196,812               |
| Contributions  | 418,059                  | 118,875                  |
| Underwriting   | 78,061                   | 65,343                   |
| Grants   | 245,159                  | 143,595                  |
| Other Income   | 12,233                   | 24,968                   |
| Payments to Vendors and Suppliers                              | (267,270)                | (217,763)                |
| Payments to Employees  | (268,739)                | (256,459)                |
| NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES               | <u>\$ 378,688</u>        | <u>\$ 75,371</u>         |
| <u>CASH FLOWS FROM CAPITAL AND RELATED</u>                     |                          |                          |
| <u>FINANCING ACTIVITIES:</u>                                   |                          |                          |
| Repayment of Advances from Southeast Missouri State University | \$ (22,809)              | \$ (25,000)              |
| NET CASH PROVIDED/(USED) IN CAPITAL AND                        |                          |                          |
| RELATED FINANCING ACTIVITIES                                   | <u>\$ (22,809)</u>       | <u>\$ (25,000)</u>       |
| INCREASE (DECREASE) IN CASH                                    | \$ 355,879               | \$ 50,371                |
| CASH, BEGINNING OF YEAR  | <u>193,404</u>           | <u>143,033</u>           |
| CASH, END OF YEAR  | <u><u>\$ 549,283</u></u> | <u><u>\$ 193,404</u></u> |
| <u>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO</u>  |                          |                          |
| <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>       |                          |                          |
| Operating Income (Loss)  | \$ 216,778               | \$ 18,964                |
| Adjustments to Reconcile Net Income to Net Cash                |                          |                          |
| Provided (Used) by Operating Activities:                       |                          |                          |
| Depreciation Expense   | 55,292                   | 67,771                   |
| Disposal   | 0                        | 2,495                    |
| Donated Equipment as part of University Commitment             | (9,000)                  | (12,785)                 |
| Change in Assets and Liabilities:                              |                          |                          |
| Prepaid Expenses   | 343                      | 1,799                    |
| Accounts Payable   | 1,950                    | (2,805)                  |
| Deferred Revenue   | 109,713                  | 8,217                    |
| Accrued Compensation   | 3,612                    | (8,285)                  |
| NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES               | <u><u>\$ 378,688</u></u> | <u><u>\$ 75,371</u></u>  |

NONCASH TRANSACTIONS:

The University donated \$9,000 of technical equipment to KRCU in FY20. In FY19, the University donated \$12,785 of technical equipment.

The accompanying notes are an integral part  
of the basic financial statements.

**KRCU 90.9 FM**  
**A PUBLIC BROADCASTING ENTITY OPERATED BY**  
**SOUTHEAST MISSOURI STATE UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

NOTE 1: NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

KRCU 90.9 FM (the Station) is operated by Southeast Missouri State University, Cape Girardeau, Missouri (the University). All amounts contained in this report are included in the audited financial statements of the University, a component unit of the State of Missouri, as of June 30, 2020 and 2019. As the Station is a part of the University, it is exempt from federal and state income taxes.

Accounting Basis:

The accompanying financial statements have been prepared on the accrual basis. The financial statements have been prepared in accordance with the regulations of the Corporation for Public Broadcasting (CPB) and the Governmental Accounting Standards Board (GASB).

Effective July 1, 2001, the Station implemented the required governmental disclosures and reporting requirements outlined in 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*.

Presentation Basis:

Net position of the organization and changes therein are classified and reported as follows:

Unrestricted Net Position – Net assets that are not subject to donor or grantor imposed stipulations.

*Restricted Net Position* – Consist of unused funds from the current Corporation for Public Broadcasting grant. Fiscal year 2019 Radio Community Service grant funding covers a two year period from October 1, 2018 – September 30, 2020. Fiscal year 2020 Radio Community Service grant funding covers a two year period from October 1, 2019 – September 30, 2021.

*Net Investment in Capital Assets* – Consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets.

Cash and Cash Equivalents:

The organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment:

Property and fixed assets are recorded at cost less accumulated depreciation or, in the case of donated property, at the estimated fair value at the date of receipt less accumulated depreciation. Equipment is defined as non-expendable property costing \$1,000 or more. Equipment traded in, lost, stolen, discarded or declared surplus is deleted from the fixed asset inventory.

|                         |             |
|-------------------------|-------------|
| Machinery and Equipment | 5-25 years  |
| Software                | 5 years     |
| Building                | 40-45 years |
| Towers                  | 33 years    |

In-Kind Contributions:

Donated facilities from the University consist of office and studio space. Administrative support from the University consists of allocated institutional costs and certain other expenditures incurred by the University on behalf of the Station. Allocations for both space and administrative support are computed on a square footage basis. Total allocations from the University for 2020 and 2019 were \$121,309 and \$94,704 respectively. For FY20 and FY19, KRCU did not receive in-kind support. In FY20 the University donated \$9,000 of technical equipment. In FY19 the University donated \$12,785 of technical equipment.

General Appropriation from the University:

KRCU annually receives a general appropriation from the University based on the University's annual budget. The 2020 and 2019 appropriations were \$161,185 and \$196,812 respectively.

Use of Estimates:

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expense:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting services by systematic basis.

NOTE 2: ACCOUNTS PAYABLE:

Accounts payable for the fiscal year ended June 30, 2020 and June 30, 2019 related to operating supplies and services.

NOTE 3: PROPERTY AND EQUIPMENT:

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2020.

|                            | July 1, 2019        |                    |             |             | June 30, 2020       |
|----------------------------|---------------------|--------------------|-------------|-------------|---------------------|
|                            | Balance             | Additions          | Disposals   | Transfers   | Balance             |
| Machinery and Equipment    | \$ 623,978          | \$ 9,000           | 0           | \$ 0        | \$ 632,978          |
| Software                   | 3,500               | 0                  | 0           | 0           | 3,500               |
| Buildings                  | 308,647             | 0                  | 0           | 0           | 308,647             |
| Towers                     | 875,195             | 0                  | 0           | 0           | 875,195             |
|                            | <u>\$ 1,811,320</u> | <u>\$ 9,000</u>    | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,820,320</u> |
| Accumulated Depreciation   | <u>(991,016)</u>    | <u>(55,292)</u>    | <u>0</u>    | <u>0</u>    | <u>(1,046,308)</u>  |
| Net Property and Equipment | <u>\$ 820,304</u>   | <u>\$ (46,292)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 774,012</u>   |



The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2019.

|                            | July 1, 2018        |                    |                   |             | June 30, 2019       |
|----------------------------|---------------------|--------------------|-------------------|-------------|---------------------|
|                            | Balance             | Additions          | Disposals         | Transfers   | Balance             |
| Machinery and Equipment    | \$ 611,193          | \$ 12,785          | 0                 | \$ 0        | \$ 623,978          |
| Software                   | 3,500               | 0                  | 0                 | 0           | 3,500               |
| Buildings                  | 308,647             | 0                  | 0                 | 0           | 308,647             |
| Towers                     | 881,325             | 0                  | (6,130)           | 0           | 875,195             |
|                            | <u>\$ 1,804,665</u> | <u>\$ 12,785</u>   | <u>\$ (6,130)</u> | <u>\$ 0</u> | <u>\$ 1,811,320</u> |
| Accumulated Depreciation   | (926,879)           | (67,771)           | 3,635             | 0           | (991,016)           |
| Net Property and Equipment | <u>\$ 877,786</u>   | <u>\$ (54,986)</u> | <u>\$ (2,495)</u> | <u>\$ 0</u> | <u>\$ 820,304</u>   |

NOTE 4: DUE TO UNIVERSITY:

At the end of fiscal years 2020 and 2019, KRCU owed the University \$254,873 and \$277,682, respectively. This amount represents current and prior year operating expenses and capital improvements funded by the University. KRCU intends to pay a minimum of \$12,500 per year to repay the funds.

NOTE 5: RETIREMENT PLAN:

Substantially all full-time KRCU employees are participants in the statewide Missouri State Employees' Retirement System (MOSERS), a single-employer defined benefit public employees' retirement system.

Plan description. Benefit eligible employees of the University are provided with pensions through MOSERS - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at [www.mosers.org](http://www.mosers.org).

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000 and MSEP2011 retirement plans) and how

eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP2011 Plan are required to contribute 4% of their annual pay. The University's required contribution rate for the year ended June 30, 2020, was 21.77% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2019 was 20.215% which is the year of measurement for the net pension liability. Contributions to the pension plan from the University were \$9,051,938 and \$8,328,691 for the years ended June 30, 2020 and 2019, respectively.

For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2020 and June 30, 2019.

NOTE 6: POSTEMPLOYMENT HEALTHCARE PLAN:

The University provides a one-time opportunity for retirees to continue medical insurance coverage. Retirees after October 22, 2010 who elect to continue medical insurance are required to pay monthly premiums determined by plan type elected and Medicare eligibility. Pre-65 retirees who retired prior to October 22, 2010 who elect to continue medical insurance are required to pay monthly premiums on the basis of an implicit rate subsidy calculation. Monthly premiums for pre-October 22, 2010 participating retirees under 65 years of age are subsidized by the University at the rate of 1% for every year of active service to the University. Pre-October 22, 2010 retiree's adjusted monthly premium cost will not go below 80% of the premium amount. Financial statements for the plan are not available.

Effective July 1, 2017, the University adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on an actuarial valuation prepared in accordance with the parameters of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The University's plan is pay as you go and there is not a trust set up to hold plan assets, therefore the long-term expected rate of return is not a factor in determining the discount rate. The discount rate reflects the yield or index

rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met. The source of the index rate used for the actuarial valuation is the S&P Municipal Bond 20 Year High Grade Rate Index.

NOTE 7: CONTINGENCIES AND RISK MANAGEMENT:

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on KRCU's financial position.

KRCU employees are covered under Worker's Compensation by the State of Missouri. Claims are submitted to the State and paid by the State on behalf of the University. Total claims paid for the University employees for fiscal year 2020 and fiscal year 2019 were \$693,356 and \$428,246, respectively.

The majority of KRCU employees are also covered by unemployment insurance administered by the State of Missouri Division of Employment Security.

KRCU is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employees' injuries and illnesses; natural disasters and employee health and accident benefits. The University purchases commercial insurance and also receives coverage through the State of Missouri for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 8: NET POSITION:

**Restricted** – In accordance with GASB Statement No. 63, net position is restricted when constraints placed are either externally imposed, or are imposed by law or legislation. Restricted net position was \$6,020 at June 30, 2020. Restricted net position was \$6,616 at June 30, 2019.

**Unrestricted** – Unrestricted net position, as defined in GASB Statement No. 63, are not subject to externally imposed stipulations. Undesignated unrestricted net position was \$116,501 at June 30, 2020. Undesignated unrestricted net position was (\$147,165) at June 30, 2019.

**Net Investment in Capital Assets** – Net Investment in Capital Assets, as defined in GASB Statement No. 63, consists of capital assets, net of accumulated depreciation. Net Investment in Capital Assets was \$774,012 at June 30, 2020. Net Investment in Capital Assets was \$820,304 at June 30, 2019.

NOTE 9: CONCENTRATION OF CREDIT RISK:

The Station's cash balances are included in the University wide bank account. At June 30, 2020 the University's bank balance was \$518,509. At June 30, 2019 the University's bank balance was \$38,753. The University's daily cash funds are swept into a repurchase agreement which is secured by pledged securities with its safekeeping bank.

NOTE 10: SUBSEQUENT EVENTS:

Subsequent events were evaluated through February 5, 2021, which is the date the financial statements were available.

KRCU 90.9 FM  
A PUBLIC BROADCASTING ENTITY  
OPERATED BY  
SOUTHEAST MISSOURI STATE UNIVERSITY  
SCHEDULES OF FUNCTIONAL EXPENSES

Years Ended June 30, 2020 and 2019

| OPERATING FUNDS                     |                             |              |                        |                              |                         |                 |                          |                              |                        |                                   |
|-------------------------------------|-----------------------------|--------------|------------------------|------------------------------|-------------------------|-----------------|--------------------------|------------------------------|------------------------|-----------------------------------|
|                                     | Program Services            |              |                        | Total<br>Program<br>Services | Support Services        |                 |                          | Total<br>Support<br>Services | 2020<br>Grand<br>Total | 2019<br>Summarized<br>Grand Total |
|                                     | Programming<br>& Production | Broadcasting | Program<br>Information |                              | Management<br>& General | Fund<br>Raising | Underwriting<br>& Grants |                              |                        |                                   |
| Gross Payroll and Employee Benefits | \$ 43,319                   | \$ 61,243    | \$ 0                   | \$ 104,562                   | \$ 110,771              | \$ 33,461       | \$ 17,619                | \$ 161,851                   | \$ 266,413             | \$ 240,282                        |
| Equipment Repair                    | 0                           | 5,342        | 0                      | 5,342                        | 0                       | 0               | 0                        | 0                            | 5,342                  | 0                                 |
| Operations                          | 1,071                       | 18,955       | 0                      | 20,026                       | 40,224                  | 23,085          | 941                      | 64,250                       | 84,276                 | 83,000                            |
| Buildings                           | 0                           | 0            | 0                      | 0                            | 45,841                  | 0               | 0                        | 45,841                       | 45,841                 | 0                                 |
| Trade Operations                    | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
| In-Kind Operations                  | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
| In-Kind Facilities Support          | 38,761                      | 0            | 0                      | 38,761                       | 0                       | 0               | 0                        | 0                            | 38,761                 | 40,807                            |
| In-Kind Administrative Support      | 82,548                      | 0            | 0                      | 82,548                       | 0                       | 0               | 0                        | 0                            | 82,548                 | 53,897                            |
|                                     | \$ 165,699                  | \$ 85,540    | \$ 0                   | \$ 251,239                   | \$ 196,836              | \$ 56,546       | \$ 18,560                | \$ 271,942                   | \$ 523,181             | \$ 417,986                        |

|                                     | RESTRICTED FUNDS            |              |                        |                              |                         |                 |                          |                              |                        |                                   |
|-------------------------------------|-----------------------------|--------------|------------------------|------------------------------|-------------------------|-----------------|--------------------------|------------------------------|------------------------|-----------------------------------|
|                                     | Program Services            |              |                        | Total<br>Program<br>Services | Support Services        |                 |                          | Total<br>Support<br>Services | 2020<br>Grand<br>Total | 2019<br>Summarized<br>Grand Total |
|                                     | Programming<br>& Production | Broadcasting | Program<br>Information |                              | Management<br>& General | Fund<br>Raising | Underwriting<br>& Grants |                              |                        |                                   |
|                                     |                             |              |                        |                              |                         |                 |                          |                              |                        |                                   |
| Gross Payroll and Employee Benefits | \$ 2,411                    | \$ 2,411     | \$ 0                   | \$ 4,822                     | \$ 0                    | \$ 0            | \$ 0                     | \$ 0                         | \$ 4,822               | \$ 7,892                          |
| Equipment Repair                    | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
| Operations                          | 119,732                     | 8,393        | 2,696                  | 130,821                      | 400                     | 0               | 0                        | 400                          | 131,221                | 128,465                           |
| Trade Operations                    | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
| In-Kind Operations                  | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
| In-Kind Facilities Support          | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
| In-Kind Administrative Support      | 0                           | 0            | 0                      | 0                            | 0                       | 0               | 0                        | 0                            | 0                      | 0                                 |
|                                     | \$ 122,143                  | \$ 10,804    | \$ 2,696               | \$ 135,643                   | \$ 400                  | \$ 0            | \$ 0                     | \$ 400                       | \$ 136,043             | \$ 136,357                        |

The accompanying notes are an integral part  
of the basic financial statements.

KRCU 90.9 FM  
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SOUTHEAST MISSOURI STATE UNIVERSITY  
SCHEDULES OF FUNCTIONAL EXPENSES

Years Ended June 30, 2019 and 2018

|                                     | OPERATING FUNDS  |                     |                        |                      |                               | 2018                  |                        |
|-------------------------------------|------------------|---------------------|------------------------|----------------------|-------------------------------|-----------------------|------------------------|
|                                     | Program Services | Program Information | Total Program Services | Management & General | Support Services Fund Raising | Underwriting & Grants | Summarized Grand Total |
| Programming & Production            | \$ 39,986        | \$ 0                | \$ 39,986              | \$ 100,347           | \$ 25,975                     | \$ 17,268             | \$ 282,836             |
| Gross Payroll and Employee Benefits | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 1,010                  |
| Equipment Repair                    | 92               | 4,488               | 37,358                 | 14,759               | 30,064                        | 819                   | 54,625                 |
| Operations                          | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| Trade Operations                    | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| In-Kind Operations                  | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| In-Kind Facilities Support          | 40,807           | 0                   | 40,807                 | 0                    | 0                             | 0                     | 42,139                 |
| In-Kind Administrative Support      | 53,897           | 0                   | 53,897                 | 0                    | 0                             | 0                     | 59,574                 |
|                                     | \$ 134,782       | \$ 4,488            | \$ 228,754             | \$ 115,106           | \$ 56,039                     | \$ 18,087             | \$ 440,184             |

|                                     | RESTRICTED FUNDS |                     |                        |                      |                               | 2019                  |                        |
|-------------------------------------|------------------|---------------------|------------------------|----------------------|-------------------------------|-----------------------|------------------------|
|                                     | Program Services | Program Information | Total Program Services | Management & General | Support Services Fund Raising | Underwriting & Grants | Summarized Grand Total |
| Programming & Production            | \$ 3,946         | \$ 0                | \$ 3,946               | \$ 0                 | \$ 0                          | \$ 0                  | \$ 8,072               |
| Gross Payroll and Employee Benefits | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| Equipment Repair                    | 117,686          | 2,656               | 128,265                | 200                  | 0                             | 0                     | 121,288                |
| Operations                          | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| Trade Operations                    | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| In-Kind Operations                  | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| In-Kind Facilities Support          | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
| In-Kind Administrative Support      | 0                | 0                   | 0                      | 0                    | 0                             | 0                     | 0                      |
|                                     | \$ 121,632       | \$ 2,656            | \$ 136,157             | \$ 200               | \$ 0                          | \$ 0                  | \$ 129,360             |

The accompanying notes are an integral part of the basic financial statements.