

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

FINANCIAL STATEMENTS

Years ended June 30, 2016 and 2015

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

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June 30, 2016

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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, 2016 and 2015

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, 2016 and 2015. 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).

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.

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 decreased \$431 from \$1,076,681 at June 30, 2015 to \$1,076,250 at June 30, 2016. The increase in total net position of \$ 35,652 is primarily due to a decrease in the amount KRCU owes the University.

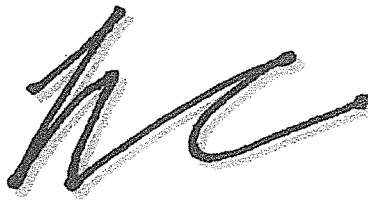
Statement of Revenues, Expenses and Changes in Net Position

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 2016 were \$753,352, down \$21,736 from operating revenues of \$775,088 in fiscal year 2015, the funding from the Corporation of Public Broadcasting and outside contributions were down over \$108,000 but the University increased their appropriation to KRCU by \$76,144 in fiscal year 2016. Operating expenses decreased \$100,469 primarily due to the decrease in personnel expense. Operating expenses for 2016 and 2015 totaled \$717,700 and \$818,169, respectively. KRCU experienced operating income in 2016 of \$35,652 and a net operating loss in 2015 of \$(43,081). The Station had an increase in net position of \$35,652 from \$664,145 in 2015 to \$699,797 in 2016.

Economic Outlook

KRCU 90.9 FM is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.



HILLIN AND COMPANY, PC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of KRCU

We have audited the accompanying financial statements of KRCU 90.9 FM Radio, a Public Broadcasting Entity operated by and a component unit of Southeast Missouri State University, as of and for the years ended June 30, 2016 and 2015, 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. 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, 2016 and 2015, 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 1-2 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 18 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 18 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 December 19, 2016, 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,


HILLIN AND COMPANY, PC

Cape Girardeau, Missouri
December 19, 2016



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**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 (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 December 19, 2016.

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 opinion 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.

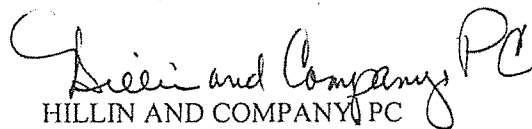
Compliance and Other Matters

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
December 19, 2016

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

STATEMENTS OF NET POSITION

For the Years Ended June 30, 2016 and June 30, 2015

<u>ASSETS:</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 87,870	\$ 37,782
Prepaid Expenses	5,001	2,102
Total Current Assets	<u>\$ 92,871</u>	<u>\$ 39,884</u>
Noncurrent Assets:		
Equipment, Net	\$ 983,379	\$ 1,036,797
Total Noncurrent Assets	<u>\$ 1,036,797</u>	<u>\$ 1,036,797</u>
Total Assets	<u><u>\$ 1,076,250</u></u>	<u><u>\$ 1,076,681</u></u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	\$ 5,725	\$ 643
Due to University	12,500	55,000
Deferred Revenue	34,069	0
Accrued Compensation	23,230	23,970
Total Current Liabilities	<u>\$ 75,524</u>	<u>\$ 79,613</u>
<u>NONCURRENT LIABILITIES:</u>		
Due to University	<u>\$ 300,929</u>	<u>\$ 332,923</u>
Total Liabilities	<u>\$ 332,923</u>	<u>\$ 332,923</u>
	<u>\$ 376,453</u>	<u>\$ 412,536</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	\$ 983,379	\$ 1,036,797
Restricted	5,838	32,767
Unrestricted	(289,420)	(405,419)
Total Net Position	<u>\$ 699,797</u>	<u>\$ 664,145</u>
Total Liabilities and Net Position	<u><u>\$ 1,076,250</u></u>	<u><u>\$ 1,076,681</u></u>

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

KRCU 90.9 FM
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2016 and 2015

<u>REVENUES:</u>	2016	2015
Operating Revenues		
General Appropriation from the University	\$ 326,702	\$ 250,558
Donated Facilities and Administrative		
Support from University	97,642	104,818
Corporation for Public Broadcasting Grant	103,531	175,559
Missouri Arts Council Grant	10,826	5,712
Contributions	167,620	198,878
Other Operating Revenues	47,031	39,563
Total Operating Revenues	<u>\$ 753,352</u>	<u>\$ 775,088</u>
 <u>EXPENSES:</u>		
Operating Expenses		
Program Services:		
Programming and Production	\$ 281,747	\$ 292,961
Broadcasting	103,857	172,767
Program Information and Promotion	8,105	8,687
Subtotal	<u>\$ 393,709</u>	<u>\$ 474,415</u>
Supporting Services:		
Management and General	\$ 148,690	\$ 148,634
Fund Raising and Membership Development	74,579	94,584
Underwriting and Grant Solicitation	38,234	37,899
Subtotal	<u>\$ 261,503</u>	<u>\$ 281,117</u>
Depreciation Expense	<u>\$ 62,488</u>	<u>\$ 62,637</u>
Total Operating Expenses	<u>\$ 717,700</u>	<u>\$ 818,169</u>
 CHANGE IN NET POSITION	 \$ 35,652	 \$ (43,081)
 NET POSITION, BEGINNING OF YEAR	 <u>664,145</u>	 <u>707,226</u>
NET POSITION, END OF YEAR	<u>\$ 699,797</u>	<u>\$ 664,145</u>

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

KRCU 90.9 FM
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STATEMENTS OF CASH FLOWS

For Years Ended June 30, 2016 and 2015

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	2016	2015
Institutional Commitment	\$ 326,702	\$ 249,808
Contributions	92,313	92,016
Underwriting	66,710	66,323
Grants	148,426	144,505
Other Income	38,738	37,543
Payments to Vendors and Suppliers	(196,038)	(193,571)
Payments to Employees	(348,802)	(417,662)
 NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	 \$ 128,049	 \$ (21,038)
 <u>CASH FLOWS FROM CAPITAL AND RELATED</u>		
<u>FINANCING ACTIVITIES:</u>		
Repayment of Advances from Southeast Missouri State University	\$ (74,494)	\$ 0
Capital Support from Southeast Missouri State University	0	14,023
Purchases of Capital Assets	(3,467)	0
 NET CASH PROVIDED/(USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	 \$ (77,961)	 \$ 14,023
 INCREASE (DECREASE) IN CASH	 \$ 50,088	 \$ (7,015)
 CASH, BEGINNING OF YEAR	 37,782	 44,797
 CASH, END OF YEAR	 \$ 87,870	 \$ 37,782
 <u>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 35,652	\$ (43,081)
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	62,488	62,637
Donated Equipment as part of University Commitment	(5,603)	0
Change in Assets and Liabilities:		
Prepaid Expenses	(2,900)	(371)
Accounts Payable	5,083	(604)
Deferred Revenue	34,069	(36,766)
Accrued Compensation	(740)	(2,853)
 NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	 \$ 128,049	 \$ (21,038)

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, 2016 and 2015

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, 2016 and 2015. 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 2015 Radio Community Service grant funding covers a two year period from October 1, 2014 – September 30, 2016. Fiscal year 2016 Radio Community Service grant funding covers a two year period from October 1, 2015 – September 30, 2017.

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 2016 and 2015 were \$97,642 and \$104,818 respectively. For FY16 KRCU received \$2,993 of in-kind supplies, catering and advertising from various businesses. The University also donated technical equipment with a net book value of \$5,603 to KRCU. The University also donated a \$15,000 speaker fee to KRCU in FY15 and \$1,977 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 2016 and 2015 appropriations were \$326,702 and \$250,558 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, 2016 and June 30, 2015 is 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, 2016.

	July 1, 2015 Balance	Additions	Disposals	Transfers	June 30, 2016 Balance
Machinery and Equipment	\$ 569,153	\$ 3,467	0	\$ 28,285	\$ 600,905
Software	3,500	0	0	0	3,500
Buildings	308,647	0	0	0	308,647
Towers	881,325	0	0	0	881,325
	<u>\$ 1,762,625</u>	<u>\$ 3,467</u>	<u>\$ 0</u>	<u>\$ 28,285</u>	<u>\$ 1,794,377</u>
Accumulated Depreciation	<u>(725,828)</u>	<u>(62,488)</u>	<u>0</u>	<u>(22,682)</u>	<u>(810,998)</u>
Net Property and Equipment	<u>\$ 1,036,797</u>	<u>\$ (59,021)</u>	<u>\$ 0</u>	<u>\$ 5,604</u>	<u>\$ 983,379</u>

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2015.

	July 1, 2014 Balance	Additions	Disposals	Reclassifications	June 30, 2015 Balance
Machinery and Equipment	\$ 568,449	\$ 1,977	(1,273)	\$ 0	\$ 569,153
Software	3,500	0	0	0	3,500
Buildings	308,647	0	0	0	308,647
Towers	881,325	0	0	0	881,325
	<u>\$ 1,761,921</u>	<u>\$ 1,977</u>	<u>\$ (1,273)</u>	<u>\$ 0</u>	<u>\$ 1,762,625</u>
Accumulated Depreciation	<u>(664,464)</u>	<u>(62,637)</u>	<u>1,273</u>	<u>0</u>	<u>(725,828)</u>
Net Property and Equipment	<u>\$ 1,097,457</u>	<u>\$ (60,660)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,036,797</u>

NOTE 4: DUE TO UNIVERSITY:

For fiscal year 2016 and 2015, KRCU owed the University \$313,429 and \$387,923 respectively. These amounts represent 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. The payments in FY16 totaled \$74,494.

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.

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 starting on page 30.

Benefits for general State employees who were hired before January 1, 2011 are fully vested after five years of credited service. Such employees may retire at or after age 55 and receive a reduced benefit. They may also retire with full benefits when the sum of the employee's years of service plus the employee's age equals 80 or more. New employees hired January 1, 2011, or after are fully vested after ten years of credited service and may retire at or after age 62 and receive a reduced benefit under the plan. They may also retire and will receive full benefits when the sum of the employee's years of service plus the employee's age equals 90 or more.

State statutes require the State of Missouri to fund all contributions to MOSERS. These actuarially determined contributions are computed as a level percentage of covered payroll. The percentage for fiscal year 2016 and 2015 was set at 16.97% for both years. Beginning in January 2011, newly hired MOSERS eligible employees contribute 4% of gross earnings each payroll.

Contributions to MOSERS for the KRCU were \$38,774 and \$47,973 for the fiscal years ended June 30, 2016 and June 30, 2015 respectively.

For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2016.

NOTE 6: POSTEMPLOYMENT HEALTHCARE PLAN:

Southeast Missouri State University follows Governmental Accounting Standards Board Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The effect of the GASB 45 adoption is not considered significant to the KRCU financial statements; therefore the required disclosures have been omitted.

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. Retirees 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.

The University pays for their portion of the medical insurance premiums on a pay-as-you-go basis. No trust fund has been created for the payment of the University's portion of the medical insurance premiums; therefore as of June 30, 2016 and 2015, the University's obligations were unfunded. For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2016 and 2015.

NOTE 7: CONTINGENCIES AND RISK MANAGEMENT:

KRCU is subject to various legal proceedings and claims which arise in the ordinary course of its operations. In the opinion of the University management, the amount of ultimate liability with respect to these actions will not materially affect the overall financial position of KRCU.

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 all Southeast Missouri State University employees for fiscal year 2015-2016 were approximately \$171,116. Total claims paid for all Southeast Missouri State University employees for fiscal year 2014-2015 were approximately \$288,108.

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 \$5,838 at June 30, 2016. Restricted net position was \$32,767 at June 30, 2015.

Unrestricted – Unrestricted net position, as defined in GASB Statement No. 63, are not subject to externally imposed stipulations. Undesignated unrestricted net position was \$(289,420) at June 30, 2016. Undesignated unrestricted net position was \$(405,419) at June 30, 2015.

NOTE 9: SUBSEQUENT EVENTS:

Subsequent events were evaluated through December 19, 2016, 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, 2016 and 2015

OPERATING FUNDS

	Program Services		Total Program Services	Support Services		Total Support Services	2016 Grand Total	2015 Summarized Grand Total
	Programming & Production	Broadcasting		Management & General	Fund Raising			
Gross Payroll and Employee Benefits	\$ 61,993	\$ 69,333	\$ 132,686	\$ 127,933	\$ 37,441	\$ 202,815	\$ 335,501	\$ 402,093
Equipment Repair	800	0	800	0	0	0	800	2,129
Operations	3,864	15,607	23,716	19,332	26,814	46,939	70,655	55,752
Trade Operations	0	0	0	0	8,293	8,293	8,293	2,020
In-Kind Operations	0	0	0	0	0	0	0	38,563
In-Kind Facilities Support	39,754	0	39,754	0	0	0	39,754	41,086
In-Kind Administrative Support	57,889	0	57,889	0	0	0	57,889	63,732
	\$ 164,300	\$ 84,940	\$ 254,845	\$ 147,265	\$ 72,548	\$ 258,047	\$ 512,892	\$ 605,375

RESTRICTED FUNDS

	Program Services		Total Program Services	Support Services		Total Support Services	2016 Grand Total	2015 Summarized Grand Total
	Programming & Production	Broadcasting		Management & General	Fund Raising			
Gross Payroll and Employee Benefits	\$ 4,533	\$ 4,533	\$ 9,066	\$ 0	\$ 0	\$ 0	\$ 9,066	\$ 13,465
Equipment Repair	0	0	0	0	0	0	0	1,363
Operations	112,914	14,385	129,799	1,426	2,030	3,456	133,255	135,329
Trade Operations	0	0	0	0	0	0	0	0
In-Kind Operations	0	0	0	0	0	0	0	0
In-Kind Facilities Support	0	0	0	0	0	0	0	0
In-Kind Administrative Support	0	0	0	0	0	0	0	0
	\$ 117,447	\$ 18,918	\$ 138,865	\$ 1,426	\$ 2,030	\$ 3,456	\$ 142,321	\$ 150,157

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