

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

FINANCIAL STATEMENTS

Years ended June 30, 2018 and 2017

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

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June 30, 2018

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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, 2018 and 2017

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, 2018 and 2017. 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 \$151,416 at June 30, 2018 and \$89,030 at June 30, 2017. That was an increase in current assets of \$62,386 from June 30, 2017.

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 \$90,729 at June 30, 2018 and

\$62,786 at June 30, 2017. The increase in current liabilities was \$27,943 from June 30, 2017.

Noncurrent liabilities which totaled \$277,682 at June 30, 2018 and \$290,182 at June 30, 2017, 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 \$10,299 from \$1,018,903 at June 30, 2017 to \$1,029,202 at June 30, 2018.

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 2018 were \$616,487, down \$127,123 from operating revenues of \$743,610 in fiscal year 2017. The University decreased their appropriation to KRCU by \$69,602 in fiscal year 2018. Operating expenses decreased \$155,841 from \$777,472 at June 30, 2017 to \$621,631 at June 30, 2018. KRCU experienced an operating loss in 2018 of \$5,144 and a net operating loss in 2017 of \$33,862.

Economic Outlook

The Board of Regents approved a \$114.2 million operating budget net of designated revenue for fiscal year 2019. This included an estimated 7.7% base reduction in state appropriations from FY18 funding levels after one-time withholdings, which was based on the Governor's proposed budget and state revenue projections at the time. After board approval of the FY19 budget, the Governor signed HB3 funding bill, which kept FY19 funding levels for higher education flat.

Declining traditional age college prospects and increased competition in the delivery of higher education programs has led to a decline in overall enrollment the past two academic years. The University is updating their Strategic Enrollment Management Plan and implementing strategies related to recruitment and retention including new discounting strategies. The University is committed to increasing the first time, full time retention rate to 80% and the six-year graduation rate to 60%.

The University has consistently taken a proactive approach to cost containment and revenue enhancement. The University's budget process intends to mitigate risks from state support reductions or enrollment fluctuations by modeling three years of anticipated budget needs. Last year the institution identified \$5.44 million in expense reductions to meet known FY19 budget needs and anticipated budget needs for FY2020.

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.



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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 division of Southeast Missouri State University, as of and for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, 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 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 November 30, 2018, 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
November 30, 2018



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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, which comprise the statements of financial position as of June 30, 2018 and 2017, 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 November 30, 2018.

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
November 30, 2018

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

STATEMENTS OF NET POSITION

For the Years Ended June 30, 2018 and June 30, 2017

<u>ASSETS:</u>	2018	2017
Current Assets:		
Cash and Cash Equivalents	\$ 135,438	\$ 81,045
Restricted Cash and Cash Equivalents	7,595	4,249
Prepaid Expenses	8,383	3,736
Total Current Assets	<u>\$ 151,416</u>	<u>\$ 89,030</u>
Noncurrent Assets:		
Equipment, Net	\$ 877,786	\$ 929,873
Total Noncurrent Assets	<u>\$ 877,786</u>	<u>\$ 929,873</u>
Total Assets	<u><u>\$ 1,029,202</u></u>	<u><u>\$ 1,018,903</u></u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	\$ 3,200	\$ 2,592
Due to University	25,000	12,500
Deferred Revenue	42,439	27,947
Accrued Compensation	20,090	19,747
Total Current Liabilities	<u>\$ 90,729</u>	<u>\$ 62,786</u>
<u>NONCURRENT LIABILITIES:</u>		
Due to University	<u>\$ 277,682</u>	<u>\$ 290,182</u>
Total Noncurrent Liabilities	<u>\$ 277,682</u>	<u>\$ 290,182</u>
Total Liabilities	<u><u>\$ 368,411</u></u>	<u><u>\$ 352,968</u></u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	\$ 877,786	\$ 929,873
Restricted	7,595	4,249
Unrestricted	(224,590)	(268,187)
Total Net Position	<u>\$ 660,791</u>	<u>\$ 665,935</u>
Total Liabilities and Net Position	<u><u>\$ 1,029,202</u></u>	<u><u>\$ 1,018,903</u></u>

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

KRCU 90.9 FM
A PUBLIC BROADCASTING ENTITY
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2018 and 2017

<u>REVENUES:</u>	2018	2017
Operating Revenues		
General Appropriation from the University	\$ 181,367	\$ 250,969
Donated Facilities and Administrative		
Support from University	101,715	105,291
Corporation for Public Broadcasting Grant	122,352	140,749
Missouri Arts Council Grant	9,843	10,033
Contributions	177,953	188,660
Other Operating Revenues	23,257	47,908
Total Operating Revenues	<u>\$ 616,487</u>	<u>\$ 743,610</u>
 <u>EXPENSES:</u>		
Operating Expenses		
Program Services:		
Programming and Production	\$ 276,744	\$ 313,228
Broadcasting	105,133	128,731
Program Information and Promotion	3,626	12,851
Subtotal	<u>\$ 385,503</u>	<u>\$ 454,810</u>
Supporting Services:		
Management and General	\$ 140,916	\$ 148,034
Fund Raising and Membership Development	33,041	79,576
Underwriting and Grant Solicitation	10,084	33,900
Subtotal	<u>\$ 184,041</u>	<u>\$ 261,510</u>
Depreciation Expense	<u>\$ 52,087</u>	<u>\$ 61,152</u>
Total Operating Expenses	<u>\$ 621,631</u>	<u>\$ 777,472</u>
 CHANGE IN NET POSITION	 \$ (5,144)	 \$ (33,862)
 NET POSITION, BEGINNING OF YEAR	 <u>665,935</u>	 <u>699,797</u>
NET POSITION, END OF YEAR	<u>\$ 660,791</u>	<u>\$ 665,935</u>

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

KRCU 90.9 FM
A PUBLIC BROADCASTING ENTITY
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STATEMENTS OF CASH FLOWS

For Years Ended June 30, 2018 and 2017

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	2018	2017
Institutional Commitment	\$ 181,367	\$ 250,969
Contributions	108,562	98,072
Underwriting	69,391	74,816
Grants	146,687	144,660
Other Income	14,641	38,690
Payments to Vendors and Suppliers	(172,347)	(218,085)
Payments to Employees	(290,562)	(379,701)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>\$ 57,739</u>	<u>\$ 9,421</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Repayment of Advances from Southeast Missouri State University	<u>\$ 0</u>	<u>\$ (10,747)</u>
NET CASH PROVIDED/(USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 0</u>	<u>\$ (10,747)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Acquisition of fixed assets	<u>\$ 0</u>	<u>\$ (1,250)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>\$ 0</u>	<u>\$ (1,250)</u>
INCREASE (DECREASE) IN CASH	\$ 57,739	\$ (2,576)
CASH, BEGINNING OF YEAR	<u>85,294</u>	<u>87,870</u>
CASH, END OF YEAR	<u><u>\$ 143,033</u></u>	<u><u>\$ 85,294</u></u>
<u>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (5,144)	\$ (33,862)
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	52,087	61,152
Donated Equipment as part of University Commitment	0	(6,396)
Change in Assets and Liabilities:		
Prepaid Expenses	(4,647)	1,266
Accounts Payable	607	(3,133)
Deferred Revenue	14,492	(6,122)
Accrued Compensation	<u>344</u>	<u>(3,484)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u><u>\$ 57,739</u></u>	<u><u>\$ 9,421</u></u>

NONCASH TRANSACTIONS:

The University did not donate technical equipment to KRCU in FY18. In FY17 the University donated \$6,396 of technical equipment.

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

KRCU 90.9 FM
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SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

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, 2018 and 2017. 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 2017 Radio

Community Service grant funding covers a two year period from October 1, 2016 – September 30, 2018. Fiscal year 2018 Radio Community Service grant funding covers a two year period from October 1, 2017 – September 30, 2019.

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 2018 and 2017 were \$101,715 and \$105,291 respectively. For FY18, KRCU did not receive in-kind support, in FY17 KRCU received \$9,377 of in-kind supplies, catering and advertising from various businesses. The University did not donate technical equipment to KRCU in FY18. In FY17 the University donated \$6,396 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 2018 and 2017 appropriations were \$181,367 and \$250,969 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, 2018 and June 30, 2017 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, 2018.

	July 1, 2017				June 30, 2018
	Balance	Additions	Disposals	Transfers	Balance
Machinery and Equipment	\$ 611,193	\$ 0	0	\$ 0	\$ 611,193
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>\$ 1,804,665</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,804,665</u>
Accumulated Depreciation	(874,792)	(52,087)	0	0	(926,879)
Net Property and Equipment	<u>\$ 929,873</u>	<u>\$ (52,087)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 877,786</u>

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2017.

	July 1, 2016				June 30, 2017
	Balance	Additions	Disposals	Transfers	Balance
Machinery and Equipment	\$ 600,905	\$ 7,646	(2,455)	\$ 5,098	\$ 611,193
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>\$ 1,794,377</u>	<u>\$ 7,646</u>	<u>\$ (2,455)</u>	<u>\$ 5,098</u>	<u>\$ 1,804,665</u>
Accumulated Depreciation	(810,998)	(61,152)	2,455	(5,098)	(874,792)
Net Property and Equipment	<u>\$ 983,379</u>	<u>\$ (53,506)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 929,873</u>

NOTE 4: DUE TO UNIVERSITY:

At the end of fiscal years 2018 and 2017, KRCU owed the University \$302,682. 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. The annual payment for FY18 was not made during the current fiscal year but was made on August 15, 2018.

NOTE 5: RETIREMENT PLAN:

Substantially all full-time KRCU employees are participants in the statewide Missouri State Employees' Retirement System (MOSERS), a multiple-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 28.

Contributions to MOSERS for KRCU were \$35,875 and \$39,567 for the fiscal years ended June 30, 2018 and June 30, 2017, respectively.

Liability as required by GASB 68 is recorded in whole on the financial statements of Southeast Missouri State University and has not been accrued on the books of KRCU 90.9 FM.

For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2018 and 2017.

NOTE 6: POSTEMPLOYMENT HEALTHCARE PLAN:

Effective July 1, 2017, Southeast Missouri State University adopted Governmental Accounting Standards Board Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of the GASB 75 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. 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.

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, 2018 and 2017, the University's obligations were unfunded. For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2018 and 2017.

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 2018 were approximately \$250,470. Total claims paid for all Southeast Missouri State University employees for fiscal year 2017 were approximately \$390,326.

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 \$7,595 at June 30, 2018. Restricted net position was \$4,249 at June 30, 2017.

Unrestricted – Unrestricted net position, as defined in GASB Statement No. 63, are not subject to externally imposed stipulations. Undesignated unrestricted net position was \$(224,590) at June 30, 2018. Undesignated unrestricted net position was \$(268,187) at June 30, 2017.

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 \$877,786 at June 30, 2018. Net Investment in Capital Assets was \$929,873 at June 30, 2017.

NOTE 9: CONCENTRATION OF CREDIT RISK:

The Station's cash balances are included in the University wide bank account. At June 30, 2018 the University's bank balance was \$10. 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 November 30, 2018, 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, 2018 and 2017

OPERATING FUNDS

	Program Services			Support Services			2018		2017	
	Programming & Production	Broadcasting	Program Information	Total Program Services	Management & General	Fund Raising	Underwriting & Grants	Total Support Services	Grand Total	Summarized Grand Total
Gross Payroll and Employee Benefits	\$ 59,143	\$ 72,343	\$ 0	\$ 131,486	\$ 131,502	\$ 9,924	\$ 9,924	\$ 151,380	\$ 282,836	\$ 363,136
Equipment Repair	0	0	1,010	1,010	0	0	0	0	1,010	2,090
Operations	816	21,300	0	22,116	9,232	23,117	160	32,509	54,625	93,943
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	42,139	0	0	42,139	0	0	0	0	42,139	40,549
In-Kind Administrative Support	59,574	0	0	59,574	0	0	0	0	59,574	64,742
	\$ 161,672	\$ 93,643	\$ 1,010	\$ 256,325	\$ 140,734	\$ 33,041	\$ 10,084	\$ 183,859	\$ 440,184	\$ 564,460

RESTRICTED FUNDS

	Program Services			Support Services			2018		2017	
	Programming & Production	Broadcasting	Program Information	Total Program Services	Management & General	Fund Raising	Underwriting & Grants	Total Support Services	Grand Total	Summarized Grand Total
Gross Payroll and Employee Benefits	\$ 4,036	\$ 0	\$ 0	\$ 8,072	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,072	\$ 7,565
Equipment Repair	0	0	0	0	0	0	0	0	0	0
Operations	111,036	7,454	2,616	121,106	182	0	0	182	121,288	144,295
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
	\$ 115,072	\$ 11,490	\$ 2,616	\$ 129,178	\$ 182	\$ 0	\$ 0	\$ 182	\$ 129,360	\$ 151,860

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