

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Financial Statements and Supplemental Information
Together with Report of Independent Public Accountants**

For the Years Ended June 30, 2017 and 2016



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2017 AND 2016

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Regents
Morgan State University

Report on the Financial Statements

We have audited the accompanying balance sheets of WEAA-FM (the Station), a program of Morgan State University, as of June 30, 2017 and 2016, and the related statements of revenues, expenses and change in net position and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Station's 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Station'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 Station'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 financial position of the Station, as of June 30, 2017 and 2016, and changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in net position and cash flows of only that portion of the financial reporting segment of Morgan State University (the University) that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position, changes in financial position and cash flows of the University as of and for the years ended June 30, 2017 and 2016.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's basic financial statements. The supplemental schedule of non-Federal support is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of non-Federal support 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 schedule of non-Federal support is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
October 6, 2017

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2017 and 2016**

Overview of the Station

WEAA-FM (the Station) is the National Public Radio (NPR) affiliated public radio station of Morgan State University and is an educational component of the University's School of Global Journalism and Communication. The Station serves as a learning lab to educate and prepare students for careers in journalism and media, while also providing the broader listener community with music and news programming that enlightens and entertains. Broadcasting in the Baltimore-Washington corridor, the Station is one of the regions' leading providers of jazz and quality locally-produced talk, public affairs and news programming created by a professional staff and undergraduate and graduate students.

Operating since 1977 and celebrating its 40th anniversary, the Station operates free from commercial influence in a 24-hour format that attracts the continual support from members, underwriters, and grant-makers nationally and across the region.

Overview of the Financial Statements

The following discussion provides an overview of the Station's financial performance for the years ended June 30, 2017 and 2016, with 2015 for comparative purposes. This analysis should be read in conjunction with the Station's basic financial statements and the notes to the basic financial statements.

The three primary financial statements of the Station presented are the balance sheet, the statement of revenues, expenses, and change in net position, and the statement of cash flows. These statements are prepared in conformity with accounting principles generally accepted in the United States. The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Station for the fiscal years ended June 30, 2017 and 2016, with 2015 for comparative purposes, and should be read in conjunction with financial statements and notes thereto. This overview is required by GASB, by a primary government or component but is not required by the Station; however, management has elected to provide one. The MD&A, financial statements, and notes thereto, are the responsibility of the Station's management.

The notes to the financial statements provide required disclosures and other information that are essential to full understanding of the material data provided in the statements. The notes present information about the Station's accounting policies, significant account balances and activities, obligations and subsequent events, if any, and can be found beginning on page 11 of this report. The information contained in the basic financial statements of the Station is incorporated within Morgan State University's Annual Financial Statements.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2017 and 2016**

Balance Sheets

The Balance Sheet presents the financial position of the Station at the end of the fiscal year and includes all assets and liabilities of the Station. Assets and liabilities are presented as either current or noncurrent to provide an indication of their anticipated liquidation.

The difference between total assets and total liabilities equals net position. The net position is an indicator of the current financial condition of the Station. A summary of assets, liabilities, and net position as of June 30, 2017, 2016, and 2015, is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets			
Current assets	\$ 325,189	\$ 332,830	\$ 311,901
Non-current assets	75,616	101,542	127,468
Total Assets	<u>400,805</u>	<u>434,372</u>	<u>439,369</u>
Liabilities			
Current liabilities	292,407	321,095	281,664
Non-current liabilities	34,500	21,167	46,917
Total Liabilities	<u>326,907</u>	<u>342,262</u>	<u>328,581</u>
Net Position			
Net investment in capital assets	75,616	101,542	127,468
Unrestricted	(1,718)	(9,432)	(16,680)
Total Net Position	<u>\$ 73,898</u>	<u>\$ 92,110</u>	<u>\$ 110,788</u>

Fiscal Year 2017 compared to Fiscal Year 2016

- Current assets as of the fiscal year ended 2017 decreased by \$7,641 or 2.3% primarily due to the decrease in pledges receivable and cash. Non-current assets decreased \$25,926 or 25.5%, due to the depreciation for the radio transmitter.
- Total liabilities in the fiscal year ended 2017 decreased by \$15,355 or 4.5% due to a decrease in unearned revenues.
- Total net position in fiscal year 2017 decreased by \$18,212 or 19.8% compared to fiscal year 2016 due to a decrease in net investment in capital assets.

Fiscal Year 2016 compared to Fiscal Year 2015

- Current assets as of the fiscal year ended 2016 increased by \$20,929 or 6.7% primarily due to the increase in cash. Non-current assets decreased \$25,926 or 20.3%, due to the first full year of the depreciation for the radio transmitter.
- Total liabilities in fiscal year 2016 increased by \$13,681 or 4.2% due to a slight increase in operating expenses.
- Total net position in fiscal year 2016 decreased by \$18,678 or 16.9% compared to fiscal year 2015 due to a decrease in net investment in capital assets.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2017 and 2016**

Statement of Revenues, Expenses and Change in Net Position

The statement of revenues, expenses, and changes in net position presents the Station's results of operations. The statement distinguishes revenues and expenses between operating and non-operating categories and provides a view of the Station's operating margin. A summary of revenues, expenses, and change in net position for the years ended June 30, 2017, 2016, and 2015, is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Income			
Operating revenues	\$ 598,155	\$ 647,271	\$ 436,294
Operating expenses	<u>2,026,083</u>	<u>1,913,422</u>	<u>1,798,570</u>
Operating Loss	<u>(1,427,928)</u>	<u>(1,266,151)</u>	<u>(1,362,276)</u>
Non-operating Revenues			
Appropriations from Morgan State University	755,473	714,225	886,000
Donated facilities and administrative support from Morgan State University	<u>654,243</u>	<u>533,248</u>	<u>565,991</u>
Total Non-operating Revenues	<u>1,409,716</u>	<u>1,247,473</u>	<u>1,451,991</u>
Total Change in Net Position	(18,212)	(18,678)	89,715
Net position, beginning of year	<u>92,110</u>	<u>110,788</u>	<u>21,073</u>
Net Position, End of Year	<u>\$ 73,898</u>	<u>\$ 92,110</u>	<u>\$ 110,788</u>

Fiscal Year 2017 compared to Fiscal Year 2016

- Total operating revenues for fiscal year 2017 decreased by \$49,116 or 7.6% from fiscal year 2016. The decrease is due to a significant decrease related to in-kind contributions.
- Total operating expenses in fiscal year 2017 increased by \$112,661 or 5.9% due to an increase in broadcasting expenses.
- Non-operating revenues increased by \$162,243 or 13.0% for fiscal year 2017 due to the increase in appropriations and donated facilities and administrative support from Morgan State University.

Fiscal Year 2016 compared to Fiscal Year 2015

- Total operating revenues for fiscal year 2016 increased by \$210,977 or 48.4% from fiscal year 2015. The increase is due to a significant increase in subscription and membership income, underwriting income, and in-kind contributions.
- Total operating expenses in fiscal year 2016 increased by \$114,852 or 6.4% due to an increase in program services and management and general expenses.
- Non-operating revenues decreased by \$204,518 or 14.1% for fiscal year 2016 due to the decrease in appropriations from Morgan State University as a result of the increase in operating income.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2017 and 2016**

Statement of Cash Flows

The statement of cash flows provides information about the Station's receipts and disbursement of cash during the year. This statement also assists users in assessing the Station's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. A summary of cash flows for the years ended June 30, 2017, 2016, and 2015, is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash Provided by (Used in):			
Operating activities	\$ (758,654)	\$ (699,423)	\$ (676,016)
Non-capital financing activities	<u>755,473</u>	<u>714,225</u>	<u>756,371</u>
Net Increase in Cash	(3,181)	14,802	80,355
Cash, beginning of year	<u>321,741</u>	<u>306,939</u>	<u>226,584</u>
Cash, End of Year	<u>\$ 318,560</u>	<u>\$ 321,741</u>	<u>\$ 306,939</u>

SUMMARY AND ECONOMIC OUTLOOK

In fiscal year 2017, the Station showed a decrease in operating revenues of 7.6%. This decrease is due to a decrease of in-kind contributions. Operating expenses increased by 5.9% due to an increase in broadcasting and general expenses in 2017.

In fiscal year 2016, the Station showed significant increase in operating revenues of 48.3%. This increase is due to an increase in subscription and membership income, underwriting income, and in-kind contributions. Subscription and membership income increased primarily due to an increase in the number of members. Operating expenses increased by 6.4% as the Station hired new positions in 2016.

In May 2017, a new long term strategy was developed to ensure a growing and sustainable financial position for the Station. This included the following:

- Establishing the Station as a fully functioning learning lab for the School of Global Journalism and Communication students;
- Re-imaging the Station's music and talk programming to broaden the appeal to gain listeners, members and ratings;
- Strengthening its revenue generation through underwriting, grants and partnerships;
- And setting a higher standard of accountability, transparency, job performance, goal-setting, and financial stewardship.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2017 and 2016**

With the new strategic vision and commitment of the leadership of the School of Global Journalism and Communication, the Station has seen dramatic growth in a condensed period. Along with hiring a new General Manager, the Station's programs were re-engineered in a new format. The latest Nielsen ratings show with one week of the new format, the Station rose seven slots to 23rd place. In addition, the latest community fundraising drive has generated 46% more revenue than the previous year. The Station now also has more than 15 students working directly with the Station as show producers, news reporters, sports analysts, underwriting producers, voice-over announcers, membership assistants, and board operators which aligns directly with the mission of Morgan State University. The economic outlook is increasingly favorable as the Station continues to increase market share, student direct participation, and strategic community partnerships while maintaining and strengthening internal administrative processes.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Balance Sheets
As of June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 318,560	\$ 321,741
Accounts receivable, net	1,430	1,737
Pledges receivable, net	803	4,482
Grant receivable	4,396	4,870
Total Current Assets	<u>325,189</u>	<u>332,830</u>
Non-Current Assets		
Equipment, net	75,616	101,542
Total Assets	<u>\$ 400,805</u>	<u>\$ 434,372</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,657	\$ 6,635
Accrued payroll	61,251	30,911
Accrued vacation	36,841	49,780
Unearned grant revenue	186,708	218,119
Unearned revenue	3,950	15,650
Total Current Liabilities	<u>292,407</u>	<u>321,095</u>
Non-Current Liabilities		
Accrued vacation, net of current portion	34,500	21,167
Total Liabilities	<u>326,907</u>	<u>342,262</u>
Net Position		
Net investment in capital assets	75,616	101,542
Unrestricted	(1,718)	(9,432)
Total Net Position	<u>73,898</u>	<u>92,110</u>
Total Liabilities and Net Position	<u>\$ 400,805</u>	<u>\$ 434,372</u>

The accompanying notes are an integral part of these financial statements.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Statements of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Subscription and membership income	\$ 127,977	\$ 175,992
Underwriting income	132,202	138,700
Federal grants	262,541	192,563
Fundraising income	250	1,034
Rental income	600	225
In-kind contributions	74,585	138,757
Total Operating Revenues	<u>598,155</u>	<u>647,271</u>
Operating Expense		
Program services:		
Programming and production	437,473	452,089
Broadcasting	634,395	564,351
Program information	32,954	34,310
Total program services	<u>1,104,822</u>	<u>1,050,750</u>
Management and general	548,774	525,656
Fundraising and membership development	372,487	337,016
Total Operating Expense	<u>2,026,083</u>	<u>1,913,422</u>
Operating Loss	<u>(1,427,928)</u>	<u>(1,266,151)</u>
Non-Operating Revenues		
Appropriations from Morgan State University	755,473	714,225
Donated facilities and administrative support from Morgan State University	<u>654,243</u>	<u>533,248</u>
Total Non-Operating Revenues	<u>1,409,716</u>	<u>1,247,473</u>
Change in Net Position	(18,212)	(18,678)
Net position, beginning of year	<u>92,110</u>	<u>110,788</u>
Net Position, End of Year	<u>\$ 73,898</u>	<u>\$ 92,110</u>

The accompanying notes are an integral part of these financial statements.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Subscription and membership income	\$ 139,813	\$ 139,687
Underwriting income	152,992	143,025
Federal grants	231,603	224,854
Fundraising income	250	1,034
Rental income	600	225
Payments to employees	(1,002,578)	(943,422)
Payments to suppliers and contractors	(281,334)	(264,826)
Net Cash from Operating Activities	<u>(758,654)</u>	<u>(699,423)</u>
 Cash Flows from Noncapital Financing Activities		
Appropriations from Morgan State University	<u>755,473</u>	<u>714,225</u>
 Net change in cash	(3,181)	14,802
Cash, Beginning of Year	<u>321,741</u>	<u>306,939</u>
Cash, End of Year	<u>\$ 318,560</u>	<u>\$ 321,741</u>
 Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating Loss	\$ (1,427,928)	(1,266,151)
Donated facilities and administrative support from Morgan State University	654,243	533,248
Depreciation	25,926	25,926
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable, net	307	(250)
Pledges receivable, net	3,679	(4,148)
Grant receivable	474	(1,729)
Accounts payable and accrued expenses	(2,978)	6,589
Accrued vacation	394	(1,062)
Accrued payroll	30,340	(23,016)
Unearned grant revenue	(31,411)	34,020
Unearned revenue	(11,700)	(2,850)
Net Cash from Operating Activities	<u>\$ (758,654)</u>	<u>\$ (699,423)</u>

The accompanying notes are an integral part of these financial statements.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2017 and 2016**

1. DESCRIPTION OF ORGANIZATION

WEAA-FM (the Station) is a National Public Radio (NPR) Station licensed and owned by Morgan State University (the University). The Station, which broadcasts in stereo on a frequency of 88.9 MHz, began operating on January 10, 1977, and serves the Baltimore/Washington Metropolitan area. Both the University and the Station are governed by a Board of Regents appointed by the State of Maryland.

The financial activity of the Station is included in the financial statements of the University. These accompanying financial statements of the Station present only that portion of the business-type activities of the University that is attributable to the transactions of the Station. They do not represent the financial position, changes in financial position, or cash flows of the University.

Relationship with the University

Administrative support from the University consists of allocated financial costs and certain other expenses incurred by the University on behalf of the Station, and are reported as operating revenue and expenses in accordance with valuation guidelines prescribed by the Corporation for Public Broadcasting. Revenue and expenses for administrative support totaling \$654,243 and \$533,248 was reported for the fiscal years ended June 30, 2017 and 2016, respectively. This allocation from the University is not necessarily representative of the Station's cost as if it were a stand-alone entity and could significantly change in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred.

Use of Estimates

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

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2017 and 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable represents amounts related to underwriting sales that have not been collected as of year-end and are recorded at their net realizable value. The allowance for doubtful accounts is based on specific identification of uncollectable accounts and the Station's historical collection experience. The reserve for doubtful accounts as of June 30, 2017 and 2016, was \$2,772 and \$33,182, respectively.

Pledges Receivable

Pledges receivable represents amounts pledged to the Station by individual donors and is reported at its net realizable value. The Station distinguishes contributions received for each net position category in accordance with donor restrictions. For the years ended June 30, 2017 and 2016, there were no pledges with donor restrictions.

Management estimates an allowance on Pledges based on historical collection data. Pledges are written off when deemed uncollectable. Recoveries of receivables previously written off are recorded as revenue when received. A receivable is considered to be past due when the balance is outstanding for greater than one year. The reserve for doubtful accounts as of June 30, 2017 and 2016, was \$57,044 and \$61,376, respectively.

Grants Receivable

Grants receivable represents amounts due from grants and is reported at their net realizable value. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Station's historical collection experience. As of June 30, 2017 and 2016, management believes all grants receivable are fully collectible.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation. The Station's capitalization policy includes all equipment with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. The useful lives of studio and other equipment range between 5 and 15 years. Certain capital assets used by the Station that are owned by the University are allocated to the Station.

Accrued Vacation

Compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation in the statements of net position and as a component of the appropriate functional category of expense in the statements of revenues, expenses, and change in net position.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2017 and 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

Unearned revenues are funds collected for underwriting sales before the year-end for radio spots that run after the year-end.

Unearned grant revenues represent funds received from granting agencies before the year-end that have not been expended as of the end of the year.

Classification of Revenues and Expenses

The Station has classified its revenue and expenses as either operating or non-operating according to the following criteria:

(1) Operating

Operating revenues and expenses include activities that have the characteristics of exchange transactions such as subscription and membership income, underwriting income, grants income, and other income and operating expenses include program and support expenses.

(2) Non-operating

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as appropriations from Morgan State University and donated facilities and services.

Donated Facilities and Administrative Support

The University provides certain facilities and administrative support to the Station. Donated facilities and administrative support represents the Station's allocated amounts of institutional support and donated facilities and is recorded as revenues and expenses in the statements of revenues, expenses, and changes in net position. Institutional support is based on the Station's pro-rata share of the University's total salaries, wages, and administrative expenses. Donated facilities are the Station's pro-rata share of the University's total plant expenses along with calculated occupancy costs permitted by the Corporation for Public Broadcasting. For the years ended June 30, 2017 and 2016, the Station's allocated amounts of donated facilities and administrative support were calculated based on amounts stated in the University's audited financial statements.

Appropriations from Morgan State University

The appropriation from the University represents support from the University for salaries and operating expenses not provided through other resources. It represents the difference between cash received from operating activities, excluding grants) and total direct expenses of the Station paid for by the University.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2017 and 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk Management

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The Station, through the University, participates in the State's various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and antitrust liabilities, and certain employee health benefits.

The State allocates the cost of providing claims servicing and claims payment by charging a "premium" to the University based on a percentage of the University's estimated current-year payroll or based on the average loss experienced by the University. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

Subsequent Events

The Station's management evaluated subsequent events and transactions through October 6, 2017, the date the financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. CASH

As of June 30, 2017 and 2016, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer) in the amount of \$318,560 and \$321,741, respectively. The Treasurer has statutory responsibility for the State's cash management activities. The Treasurer maintains these and other State agency funds on a pooled basis in accordance with State statutes. As of June 30, 2017 and 2016, the Station's amount due from the Treasurer was less than 1% of total deposits with the Treasurer. For additional information on cash risk, see the State of Maryland Comprehensive Annual Financial Report for the year ended June 30, 2017.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2017 and 2016**

4. CAPITAL ASSETS

Capital assets as of June 30, 2017 were as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2017</u>
Capital Assets				
Depreciated assets:				
Equipment	\$ 129,629	\$ -	\$ -	\$ 129,629
Less accumulated depreciation	<u>28,087</u>	<u>25,926</u>	<u>-</u>	<u>54,013</u>
Capital Assets, Net	<u>\$ 101,542</u>	<u>\$ (25,926)</u>	<u>\$ -</u>	<u>\$ 75,616</u>

Depreciation expense for the years ended June 30, 2017 and 2016, was \$25,926, respectively.

5. NON-CURRENT LIABILITIES

Changes in non-current liabilities consisted of the following for the year ended June 30, 2017:

	<u>Balance as of June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2017</u>	<u>Amount Due Within One Year</u>
Accrued vacation	<u>\$ 70,947</u>	<u>\$ 38,100</u>	<u>\$ 37,708</u>	<u>\$ 71,341</u>	<u>\$ 36,841</u>

Changes in non-current liabilities consisted of the following for the year ended June 30, 2016:

	<u>Balance as of June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2016</u>	<u>Amount Due Within One Year</u>
Accrued vacation	<u>\$ 72,009</u>	<u>\$ 46,014</u>	<u>\$ 47,076</u>	<u>\$ 70,947</u>	<u>\$ 49,780</u>

6. RETIREMENT PLANS

Eligible employees who perform services for the Station and employees of the State are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. The Station's only liability for retirement and post-employment benefits is its required annual contribution to the University, which in turn was paid in full to the State of Maryland prior to year-end. The System is considered part of the State's financial reporting entity, and is not considered a part of the Station's reporting entity. The System prepares a separate Comprehensive Annual Financial Report, which can be obtained from the Retirement and Pension System of Maryland at 120 East Baltimore Street, Baltimore, Maryland 21202.

SUPPLEMENTAL INFORMATION

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Schedule of Non-Federal Support
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 335,614	\$ 454,708
Non-Operating Revenues		
Appropriations from Morgan State University	<u>755,473</u>	<u>714,225</u>
Total Direct Non-Federal Financial Support	1,091,087	1,168,933
Indirect Non-Federal Financial Support	<u>654,243</u>	<u>533,248</u>
Total Non-Federal Financial Support	<u>\$ 1,745,330</u>	<u>\$ 1,702,181</u>