

**MORGAN STATE UNIVERSITY
WEAA-FM**

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

For the Years Ended June 30, 2016 and 2015



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2016 and 2015

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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 statements of net position of WEAA-FM (the Station), a program of Morgan State University, as of June 30, 2016 and 2015, 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, 2016 and 2015, 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 financial 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, 2016 and 2015.

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
November 16, 2016

A handwritten signature in black ink that reads "SB & Company, LLC".

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

Introduction

This section of the report provides a discussion and analysis of WEAA-FM's (the Station) financial performance for the years ended June 30, 2016 and 2015, with 2014 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.

Overview of the Financial Statements

The three primary financial statements of the Station presented are the statement of net position, 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, 2016 and 2015, with 2014 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 provides 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.

Statement of Net Position

The Statement of Net Position 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, 2016, 2015, and 2014, is as follows:

**MORGAN STATE UNIVERSITY
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**Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

Statement of Net Position (continued)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets			
Current assets	\$ 332,830	\$ 311,901	\$ 324,768
Non-current assets	101,542	127,468	-
Total Assets	<u>434,372</u>	<u>439,369</u>	<u>324,768</u>
Liabilities			
Current liabilities	321,095	281,664	257,665
Non-current liabilities	21,167	46,917	46,030
Total Liabilities	<u>342,262</u>	<u>328,581</u>	<u>303,695</u>
Net Position			
Net investment in capital assets	101,542	127,468	-
Unrestricted	(9,432)	(16,680)	21,073
Total Net Position	<u>\$ 92,110</u>	<u>\$ 110,788</u>	<u>\$ 21,073</u>

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 depreciation for the radio transmitter.
- Total liabilities in fiscal year end 2016 increased by \$13,680 or 4.2% due to a slight increase in operating expenses.
- Total net position in fiscal year end 2016 decreased by \$18,678 or 16.8% compared to fiscal year end 2015 due to decrease in net investment in capital assets.

Fiscal Year 2015 compared to Fiscal Year 2014

- Current assets as of the fiscal year ended 2015 decreased by \$12,867 or 4% primarily due to the reduction of prepaid expenses. Non-current assets increased \$127,468, due to the purchase of a radio transmitter, resulting in a net increase of assets by \$114,601 or 35.3%.
- Total liabilities in fiscal year end 2015 increased by \$24,886 or 8.2% due to a slight increase in operating expenses.
- Total net position in fiscal year end 2015 increased by \$89,715 or 4.3% compared to fiscal year end 2014 due to increase in net investment in capital assets.

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**Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

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, 2016, 2015, and 2014, is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Income			
Operating revenues	\$ 647,271	\$ 436,294	\$ 506,094
Operating expenses	<u>1,913,422</u>	<u>1,798,570</u>	<u>1,705,493</u>
Operating Loss	<u>(1,266,151)</u>	<u>(1,371,507)</u>	<u>(1,199,399)</u>
Non-operating Revenues			
Appropriations from Morgan State University	714,225	886,000	687,463
Donated facilities and administrative support from Morgan State University	<u>533,248</u>	<u>565,991</u>	<u>534,488</u>
Total Non-operating Revenues	<u>1,247,473</u>	<u>1,461,222</u>	<u>1,221,951</u>
Total Change in Net Position	(18,678)	89,715	22,552
Net position, beginning of year	<u>110,788</u>	<u>21,073</u>	<u>(1,479)</u>
Net Position, End of Year	<u>\$ 92,110</u>	<u>\$ 110,788</u>	<u>\$ 21,073</u>

Fiscal Year 2016 compared to Fiscal Year 2015

- Total operating revenues for fiscal year 2016 increased by \$210,977 or 48.3% 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 \$213,749 or 14.6% for fiscal year 2016 due to the decrease in appropriations from Morgan State University as a result of the increase in operating income.

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**Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

Statement of Revenues, Expenses and Change in Net Position (continued)

Fiscal Year 2015 compared to Fiscal Year 2014

- Total operating revenues for fiscal year 2015 decreased by \$69,800 or 13.8% from fiscal year 2014. The fluctuation is due to a decrease in grant and underwriting income and in-kind contributions.
- Total operating expenses in fiscal year 2015 increased by \$93,077 or 5.5% due to an increase in broadcast related expenditures.
- Non-operating revenues increased by \$239,271 or 19.6% for fiscal year 2015 due to an increase in donated facilities from Morgan State University and the University's purchase of the transmitter.

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, 2016, 2015, and 2014, is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash Provided by (Used in):			
Operating activities	\$ (699,423)	\$ (676,016)	\$ (650,023)
Non-capital financing activities	714,225	756,371	687,463
Capital financing activities	-	(129,629)	-
Net Increase in Cash	<u>14,802</u>	<u>80,355</u>	<u>37,440</u>
Cash, beginning of year	306,939	226,584	189,144
Cash, End of Year	<u>\$ 321,741</u>	<u>\$ 306,939</u>	<u>\$ 226,584</u>

SUMMARY

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.

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**Management's Discussion and Analysis
For the Years Ended June 30, 2016 and 2015**

SUMMARY (continued)

In fiscal year 2015, the Station showed a decline in operating revenues of 13.8%. This decrease is basically due to a decline in overall market conditions and revenue. Operating expenses increased by 5.5% as the Station hired a full time Membership Director. There were two membership drives, spring and fall in fiscal year 2015 with those funds going to support various expenses for the Station. The Station hired a new Membership Director in September, thus there were no salary expenses for that position from July through September 2014.

The University continues to provide support for the Station. The radio market continues to pace negatively thereby impacting media revenues in commercial and public radio. The staff at the Station continues to develop strategies to increase underwriting and fundraising revenues from all external funding sources to support the mission and goals of the Station.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Statements of Net Position
As of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 321,741	\$ 306,939
Accounts receivable, net	1,737	1,487
Pledges receivable, net	4,482	334
Grant receivable	4,870	3,141
Total Current Assets	<u>332,830</u>	<u>311,901</u>
Non-Current Assets		
Equipment, net	101,542	127,468
Total Assets	<u>\$ 434,372</u>	<u>\$ 439,369</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,635	\$ 46
Accrued payroll	30,911	53,927
Accrued vacation	49,780	25,092
Unearned grant revenue	218,119	184,099
Unearned revenue	15,650	18,500
Total Current Liabilities	<u>321,095</u>	<u>281,664</u>
Non-Current Liabilities		
Accrued vacation, net of current portion	21,167	46,917
Total Liabilities	<u>342,262</u>	<u>328,581</u>
Net Position		
Net investment in capital assets	101,542	127,468
Unrestricted	(9,432)	(16,680)
Total Net Position	<u>92,110</u>	<u>110,788</u>
Total Liabilities and Net Position	<u>\$ 434,372</u>	<u>\$ 439,369</u>

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

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**Statements of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Subscription and membership income	\$ 175,992	\$ 119,477
Underwriting income	138,700	105,722
Grants	192,563	197,575
Fundraising income	1,034	2,951
In-kind contributions	138,757	9,231
Rental income	225	1,338
Total Operating Revenues	<u>647,271</u>	<u>436,294</u>
Operating Expense		
Program services:		
Programming and production	452,089	425,530
Broadcasting	564,351	536,400
Program information	34,310	23,950
Total program services	<u>1,050,750</u>	<u>985,880</u>
Management and general	525,656	479,107
Fundraising and membership development	337,016	333,583
Total Operating Expense	<u>1,913,422</u>	<u>1,798,570</u>
Operating Loss	<u>(1,266,151)</u>	<u>(1,362,276)</u>
Non-Operating Revenues		
Appropriations from Morgan State University	714,225	886,000
Donated facilities and administrative support from Morgan State University	533,248	565,991
Total Non-Operating Revenues	<u>1,247,473</u>	<u>1,461,222</u>
Change in Net Position	(18,678)	89,715
Net position, beginning of year	110,788	21,073
Net Position, End of Year	<u>\$ 92,110</u>	<u>\$ 110,788</u>

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

**MORGAN STATE UNIVERSITY
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**Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Subscription and membership income	\$ 139,687	\$ 114,866
Underwriting income	143,025	129,800
Grants	224,854	284,481
Fundraising income	1,034	2,951
Rental income	225	1,338
Payments to employees	(943,422)	(886,171)
Payments to suppliers and contractors	(264,826)	(323,281)
Net Cash from Operating Activities	<u>(699,423)</u>	<u>(676,016)</u>
Cash Flows from Noncapital Financing Activities		
Appropriations from Morgan State University	<u>714,225</u>	<u>756,371</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	<u>-</u>	<u>(129,629)</u>
Net change in cash	14,802	80,355
Cash, Beginning of Year	306,939	226,584
Cash, End of Year	<u>\$ 321,741</u>	<u>\$ 306,939</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating Loss	\$ (1,266,151)	\$ (1,362,276)
Donated facilities and administrative support from Morgan State University	533,248	565,991
Depreciation	25,926	2,161
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable, net	(250)	1,496
Pledges receivable, net	(4,148)	(261)
Grant receivable	(1,729)	72,857
Prepaid expenses	-	19,130
Accounts payable and accrued expenses	6,589	(33,254)
Accrued vacation	(1,062)	15,825
Accrued payroll	(23,016)	10,880
Unearned grant revenue	34,020	14,048
Unearned revenue	(2,850)	17,387
Net Cash from Operating Activities	<u>\$ (699,423)</u>	<u>\$ (676,016)</u>

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

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2016 and 2015**

1. DESCRIPTION OF ORGANIZATION

WEAA-FM (the Station) is a National Public Radio 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 \$533,248 and \$565,991 was reported for the fiscal years ended June 30, 2016 and 2015, respectively. This allocation from the University is not necessarily representative of the Station's cost as if they 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, 2016 and 2015**

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, 2016 and 2015 was \$33,182 and \$8,425, 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, 2016 and 2015, there were no pledges with donor restrictions.

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, 2016 and 2015 was \$61,376 and \$33,042, 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, 2016 and 2015, management believes all grants receivable are fully collectable.

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 statement of net position and as a component of the appropriate functional category of expense in the statement of revenues, expenses, and change in net position.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2016 and 2015**

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 as either operating or non-operating according to the following criteria:

(1) Operating

Operating revenues includes activities that have the characteristics of exchange transactions such as subscription and membership income, underwriting income, grants income, and other income.

(2) Non-operating

Non-operating revenues includes 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 statement of revenues, expenses, and changes in net assets. 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-rate 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, 2016 and 2015, the Station's allocated amounts of donated facilities and administrative support were calculated based on amounts stated in 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.

**MORGAN STATE UNIVERSITY
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**Notes to the Financial Statements
June 30, 2016 and 2015**

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.

New Accounting Pronouncements

As of the year ended June 30, 2016, GASB issued Statement No. 77, entitled *Tax Abatement Disclosures*; Statement No. 78, entitled *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; GASB Statement No. 79 entitled, *Certain External Investment Pools and Pool Participants*; GASB Statement No. 80 entitled, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*; GASB Statement No. 81 entitled, *Irrevocable Split-Interest Agreements*; and GASB Statement No. 82 entitled, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No 73*. The Station will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date. These statements are not expected to have a material effect on the Station's financial statements once implemented.

Reclassification

Certain 2015 amounts have been reclassified to conform to the 2016 financial statement presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Subsequent Events

The Station's management evaluated subsequent events and transactions through November 16, 2016, 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.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2016 and 2015**

3. CASH

As of June 30, 2016 and 2015, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer) in the amount of \$321,741 and \$306,939, 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, 2016 and 2015, 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, 2016.

4. CAPITAL ASSETS

Capital assets as of June 30, 2016 were as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2016</u>
Capital Assets				
Depreciated assets:				
Equipment	\$ 129,629	\$ -	\$ -	\$ 129,629
Less Accumulated Depreciation	2,161	25,926	-	28,087
Capital Assets, Net	<u>\$ 127,468</u>	<u>\$ (25,926)</u>	<u>\$ -</u>	<u>\$ 101,542</u>

Depreciation expense for the years ended June 30, 2016 and 2015, was \$25,926 and \$2,161, respectively.

5. NON-CURRENT LIABILITIES

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>

Changes in non-current liabilities consisted of the following for the year ended June 30, 2015:

	<u>Balance as of June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2015</u>	<u>Amount Due Within One Year</u>
Accrued vacation	<u>\$ 56,184</u>	<u>\$ 45,113</u>	<u>\$ 29,288</u>	<u>\$ 72,009</u>	<u>\$ 25,092</u>

**MORGAN STATE UNIVERSITY
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**Notes to the Financial Statements
June 30, 2016 and 2015**

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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Operating Revenues	\$ 454,483	\$ 228,150
Non-Operating Revenues		
Appropriations from Morgan State University	<u>714,225</u>	<u>886,000</u>
Total Direct Non-Federal Financial Support	1,168,708	1,114,150
Indirect Non-Federal Financial Support	<u>533,248</u>	<u>565,991</u>
Total Non-Federal Financial Support	<u>\$ 1,701,956</u>	<u>\$ 1,680,141</u>