

**MORGAN STATE UNIVERSITY
WEAA-FM**

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

For the Years Ended June 30, 2018 and 2017



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JUNE 30, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 Matter

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, 2018 and 2017.

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 9, 2018

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2018 and 2017**

Overview of the Station

WEAA-FM (the Station) is the National Public Radio (NPR) affiliated public radio station of Morgan State University (the 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 broadcast journalism, media management and program marketing. It also provides listeners across the University's campus and throughout the Baltimore metropolitan area with music, news and public affairs programming that is largely created by a staff of graduate and undergraduate students and broadcast professionals.

Operating since 1977, the Station operates free from commercial influence in a 24-hour, seven-day-a-week format that attracts the continual support from members, underwriters, grant-makers and the University.

Overview of the Financial Statements

The following discussion provides an overview of the Station's financial performance for the years ended June 30, 2018 and 2017, with 2016 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 of America. 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, 2018 and 2017, with 2016 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, 2018 and 2017**

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, 2018, 2017, and 2016, is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets			
Current assets	\$ 367,396	\$ 325,189	\$ 332,830
Non-current assets	<u>49,690</u>	<u>75,616</u>	<u>101,542</u>
Total Assets	<u>417,086</u>	<u>400,805</u>	<u>434,372</u>
Liabilities			
Current liabilities	343,153	292,407	321,095
Non-current liabilities	<u>18,436</u>	<u>34,500</u>	<u>21,167</u>
Total Liabilities	<u>361,589</u>	<u>326,907</u>	<u>342,262</u>
Net Position			
Net investment in capital assets	49,689	75,616	101,542
Unrestricted	<u>5,808</u>	<u>(1,718)</u>	<u>(9,432)</u>
Total Net Position	<u>\$ 55,497</u>	<u>\$ 73,898</u>	<u>\$ 92,110</u>

Fiscal Year 2018 compared to Fiscal Year 2017

- Current assets as of the fiscal year ended 2018 increased by \$42,207 or 13.0% primarily due to the increase in grants receivable. Non-current assets decreased \$25,927 or 34.3%, due to the depreciation for the radio transmitter.
- Total liabilities in the fiscal year ended 2018 increased by \$34,682 or 10.6%.
- Total net position in fiscal year 2018 decreased by \$18,401 or 24.9% compared to fiscal year 2017 due to a decrease in net investment in capital assets.

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 first full year of the depreciation for the radio transmitter.
- Total liabilities in fiscal year 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.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2018 and 2017**

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, 2018, 2017, and 2016, is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Income			
Operating revenues	\$ 385,467	\$ 598,155	\$ 647,271
Operating expenses	<u>1,737,490</u>	<u>2,026,083</u>	<u>1,913,422</u>
Operating Loss	<u>(1,352,023)</u>	<u>(1,427,928)</u>	<u>(1,266,151)</u>
Non-operating Revenues			
Appropriations from Morgan State University	764,274	755,473	714,225
Donated facilities and administrative support from Morgan State University	<u>569,348</u>	<u>654,243</u>	<u>533,248</u>
Total Non-operating Revenues	<u>1,333,622</u>	<u>1,409,716</u>	<u>1,247,473</u>
Total Change in Net Position	(18,401)	(18,212)	(18,678)
Net position, beginning of year	<u>73,898</u>	<u>92,110</u>	<u>110,788</u>
Net Position, End of Year	<u><u>\$ 55,497</u></u>	<u><u>\$ 73,898</u></u>	<u><u>\$ 92,110</u></u>

Fiscal Year 2018 compared to Fiscal Year 2017

- Total operating revenues for fiscal year 2018 decreased by \$212,688 or 35.5% from fiscal year 2017 due to a decrease in fundraising personnel and in-kind contributions.
- Total operating expenses in fiscal year 2018 decreased by \$288,593 or 14.2% due to a decrease in fundraising personnel.
- Non-operating revenues decreased by \$76,094 or 5.4% for fiscal year 2018.

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 in 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.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2018 and 2017**

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, 2018, 2017, and 2016, is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash Provided by (Used in):			
Operating activities	\$ (936,304)	\$ (758,654)	\$ (699,423)
Non-capital financing activities	<u>764,274</u>	<u>755,473</u>	<u>714,225</u>
Net Change in Cash	(172,030)	(3,181)	14,802
Cash, beginning of year	<u>318,560</u>	<u>321,741</u>	<u>306,939</u>
Cash, End of Year	<u>\$ 146,530</u>	<u>\$ 318,560</u>	<u>\$ 321,741</u>

SUMMARY AND ECONOMIC OUTLOOK

In fiscal year 2018, the Station showed a decrease in operating revenues of 35.5%. This decrease is due to a decrease of in-kind contributions. Operating expenses decreased by 14.2% due to a decrease in fundraising expenses in 2018.

In fiscal year 2017, the Station showed a decrease in operating revenues of 14.2%. This decrease is due to a decrease in in-kind contributions. Operating expenses increased by 5.9% due to an increase in broadcasting expenses.

In May 2017, a new long-term strategy was developed to ensure that the Station meets its educational mission while creating a sustainable growth in its financial position. This includes the following:

- Coordinating with other units of the School of Global Journalism and Communication to enhance the role of students in every aspect of the Station's operation;
- As of October 2017, launching a new programming model that is a smart mix of music, news and public affairs programming, which has produced an initial incremental increase in the Station's audience ratings;
- Reviewing strategies and methodologies for increasing membership and underwriting, including the use of radio consultants; and
- Assessing operating standards, financial stewardship, goal-setting, accountability, transparency and employee performance.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2018 and 2017**

SUMMARY AND ECONOMIC OUTLOOK (continued)

With its new strategic vision and commitment of the leadership of the School of Global Journalism and Communication, the Station is making acceptable progress towards achieving its goals. The Station's deputy has stabilized operations and has undertaken creative efforts to expand the WEAA-FM audience and grow the revenue streams from current results. She has also overseen an increase in the number of students who are working at the Station and is developing new strategies for increasing the Station's members. As a result, the Station's economic outlook is positive as its leaders work hard to increase financial results.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Balance Sheets
As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 146,530	\$ 318,560
Accounts receivable, net	1,536	1,430
Pledges receivable, net	4,945	803
Grant receivable	214,385	4,396
Total Current Assets	<u>367,396</u>	<u>325,189</u>
Non-Current Assets		
Equipment, net	49,690	75,616
Total Assets	<u>\$ 417,086</u>	<u>\$ 400,805</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 67,854	\$ 3,657
Accrued payroll	53,241	61,251
Accrued vacation	12,561	36,841
Unearned grant revenue	208,822	186,708
Unearned revenue	675	3,950
Total Current Liabilities	<u>343,153</u>	<u>292,407</u>
Non-Current Liabilities		
Accrued vacation, net of current portion	18,436	34,500
Total Liabilities	<u>361,589</u>	<u>326,907</u>
Net Position		
Net investment in capital assets	49,689	75,616
Unrestricted	5,808	(1,718)
Total Net Position	<u>55,497</u>	<u>73,898</u>
Total Liabilities and Net Position	<u>\$ 417,086</u>	<u>\$ 400,805</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Subscription and membership income	\$ 85,137	\$ 127,977
Underwriting income	80,284	132,202
Grants	187,873	262,541
Fundraising income	-	250
In-kind contributions	31,273	74,585
Rental income	900	600
Total Operating Revenues	<u>385,467</u>	<u>598,155</u>
Operating Expense		
Program services:		
Programming and production	229,540	437,473
Broadcasting	664,270	634,395
Program information	24,525	32,954
Total program services	<u>918,335</u>	<u>1,104,822</u>
Management and general	526,555	548,774
Fundraising and membership development	292,600	372,487
Total Operating Expense	<u>1,737,490</u>	<u>2,026,083</u>
Operating Loss	<u>(1,352,023)</u>	<u>(1,427,928)</u>
Non-Operating Revenues		
Appropriations from Morgan State University	764,274	755,473
Donated facilities and administrative support from Morgan State University	<u>569,348</u>	<u>654,243</u>
Total Non-Operating Revenues	<u>1,333,622</u>	<u>1,409,716</u>
Change in Net Position	(18,401)	(18,212)
Net position, beginning of year	<u>73,898</u>	<u>92,110</u>
Net Position, End of Year	<u>\$ 55,497</u>	<u>\$ 73,898</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Subscription and membership income	\$ 81,176	\$ 139,813
Underwriting income	78,674	152,992
Grants	-	231,603
Fundraising income	-	250
Rental income	900	600
Payments to employees	(750,787)	(1,002,578)
Payments to suppliers and contractors	(346,267)	(281,334)
Net Cash from Operating Activities	<u>(936,304)</u>	<u>(758,654)</u>
Cash Flows from Noncapital Financing Activities		
Appropriations from Morgan State University	<u>764,274</u>	<u>755,473</u>
Net change in cash	(172,030)	(3,181)
Cash, Beginning of Year	318,560	321,741
Cash, End of Year	<u>\$ 146,530</u>	<u>\$ 318,560</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating Loss	\$ (1,352,023)	\$ (1,427,928)
Donated facilities and administrative support from Morgan State University	569,348	654,243
Depreciation	25,926	25,926
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable, net	(106)	307
Pledges receivable, net	(4,142)	3,679
Grant receivable	(209,989)	474
Accounts payable and accrued expenses	64,197	(2,978)
Accrued vacation	(40,344)	394
Accrued payroll	(8,010)	30,340
Unearned grant revenue	22,114	(31,411)
Unearned revenue	(3,275)	(11,700)
Net Cash from Operating Activities	<u>\$ (936,304)</u>	<u>\$ (758,654)</u>

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

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2018 and 2017**

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 \$569,348 and \$654,243, was reported for the fiscal years ended June 30, 2018 and 2017, 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, 2018 and 2017**

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, 2018 and 2017, was \$13,348 and \$2,772, 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, 2018 and 2017, 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, 2018 and 2017, was \$56,862 and \$57,044, 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, 2018 and 2017, 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, 2018 and 2017**

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-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, 2018 and 2017, 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, 2018 and 2017**

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 November 9, 2018, 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, 2018 and 2017, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer) in the amount of \$146,530 and \$318,560, 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, 2018 and 2017, 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, 2018.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2018 and 2017**

4. CAPITAL ASSETS

Capital assets as of June 30, 2018 were as follows:

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2018</u>
Capital Assets				
Depreciated assets:				
Equipment	\$ 129,629	\$ -	\$ -	\$ 129,629
Less accumulated depreciation	<u>54,013</u>	<u>25,926</u>	<u>-</u>	<u>79,939</u>
Capital Assets, Net	<u>\$ 75,616</u>	<u>\$ (25,926)</u>	<u>\$ -</u>	<u>\$ 49,690</u>

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, 2018 and 2017, was \$25,926, respectively.

5. NON-CURRENT LIABILITIES

Changes in non-current liabilities consisted of the following for the year ended June 30, 2018:

	<u>Balance as of June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2018</u>	<u>Amount Due Within One Year</u>
Accrued vacation	<u>\$ 71,341</u>	<u>\$ (4,347)</u>	<u>\$ 35,997</u>	<u>\$ 30,997</u>	<u>\$ 12,561</u>

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>\$ 37,706</u>	<u>\$ 71,341</u>	<u>\$ 36,841</u>

**MORGAN STATE UNIVERSITY
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**Notes to the Financial Statements
June 30, 2018 and 2017**

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
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**Schedule of Non-Federal Support
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 197,594	\$ 335,614
Non-Operating Revenues		
Appropriations from Morgan State University	<u>764,274</u>	<u>755,473</u>
Total Direct Non-Federal Financial Support	961,868	1,091,087
Indirect Non-Federal Financial Support	<u>569,348</u>	<u>654,243</u>
Total Non-Federal Financial Support	<u>\$ 1,531,216</u>	<u>\$ 1,745,330</u>