

**MORGAN STATE UNIVERSITY
WEAA-FM**

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

For the Years Ended June 30, 2020 and 2019



JUNE 30, 2020 AND 2019

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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, 2020 and 2019, 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 controls 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 controls 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 controls. 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, 2020 and 2019, 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.



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, 2020 and 2019.

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 of a primary government or component unit. 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.

Owings Mills, Maryland
January 14, 2021

SB & Company, LLC

MORGAN STATE UNIVERSITY
WEAA-FM

Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

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 broadcast professionals, undergraduate graduate students.

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, 2020 and 2019, with 2018 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, 2020 and 2019, with 2018 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, 2020 and 2019

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, 2020, 2019, and 2018, is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Current assets	\$ 464,865	\$ 361,266	\$ 367,396
Non-current assets	-	23,764	49,690
Total Assets	<u>464,865</u>	<u>385,030</u>	<u>417,086</u>
Liabilities			
Current liabilities	409,504	336,229	343,153
Non-current liabilities	37,471	14,730	18,436
Total Liabilities	<u>446,975</u>	<u>350,959</u>	<u>361,589</u>
Net Position			
Net investment in capital assets	-	23,764	49,689
Unrestricted	17,890	10,307	5,808
Total Net Position	<u>\$ 17,890</u>	<u>\$ 34,071</u>	<u>\$ 55,497</u>

Fiscal Year 2020 compared to Fiscal Year 2019

- Current assets as of the fiscal year ended 2020 increased by \$103,599 or 28.7% primarily due to the increase in cash. Non-current assets decreased \$23,764 or 100.0% due to the depreciation for the radio transmitter.
- Total liabilities in the fiscal year ended 2020 increased by \$96,016 or 27.4 due to the increase in unearned revenue from unexpended grants.
- Total net position in fiscal year 2020 decreased by \$16,181 or 47.5% compared to fiscal year 2019 due to a decrease in net investment in capital assets.

Fiscal Year 2019 compared to Fiscal Year 2018

- Current assets as of the fiscal year ended 2019 decreased by \$6,130 or 1.6% primarily due to the decrease in cash. Non-current assets decreased \$25,926 or 52.2% due to the depreciation for the radio transmitter.
- Total liabilities in the fiscal year ended 2019 decreased by \$10,630 or 2.9%.
- Total net position in fiscal year 2019 decreased by \$21,426 or 38.6% compared to fiscal year 2018 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, 2020 and 2019

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, 2020, 2019, and 2018, is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Income			
Operating revenues	\$ 445,783	\$ 534,025	\$ 385,467
Operating expenses	<u>1,503,911</u>	<u>1,625,904</u>	<u>1,737,490</u>
Operating Loss	<u>(1,058,128)</u>	<u>(1,091,879)</u>	<u>(1,352,023)</u>
Non-operating Revenues			
Appropriations from Morgan State University	691,725	514,536	764,274
Donated facilities and administrative support from Morgan State University	<u>350,222</u>	<u>555,917</u>	<u>569,348</u>
Total Non-operating Revenues	<u>1,041,947</u>	<u>1,070,453</u>	<u>1,333,622</u>
Total Change in Net Position	(16,181)	(21,426)	(18,401)
Net position, beginning of year	<u>34,071</u>	<u>55,497</u>	<u>73,898</u>
Net Position, End of Year	<u>\$ 17,890</u>	<u>\$ 34,071</u>	<u>\$ 55,497</u>

Fiscal Year 2020 compared to Fiscal Year 2019

- Total operating revenues for fiscal year 2020 decreased by \$88,242 or 16.5% from fiscal year 2019 due to the decrease in subscription and membership income.
- Total operating expenses in fiscal year 2020 decreased by \$121,993 or 7.5% due to the decrease in fundraising and membership development expense.
- Non-operating revenues decreased by \$28,507 or 2.7% for fiscal year 2020.

Fiscal Year 2019 compared to Fiscal Year 2018

- Total operating revenues for fiscal year 2019 increased by \$148,558 or 38.5% from fiscal year 2018 due to the increase in subscription and membership income.
- Total operating expenses in fiscal year 2019 decreased by \$111,586 or 6.4% due to the decrease in fundraising and membership development expense.
- Non-operating revenues decreased by \$263,169 or 20.4% for fiscal year 2019.

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

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, 2020, 2019, and 2018, is as follows:

	2020	2019	2018
Cash (Used in) Provided by :			
Operating activities	\$ (590,601)	\$ (317,954)	\$ (936,304)
Non-capital financing activities	<u>691,725</u>	<u>514,536</u>	<u>764,274</u>
Net Change in Cash	101,124	196,582	(172,030)
 Cash, beginning of year	 <u>343,112</u>	 <u>146,530</u>	 <u>318,560</u>
Cash, End of Year	\$ 444,236	\$ 343,112	\$ 146,530

SUMMARY AND ECONOMIC OUTLOOK

In fiscal year 2020, the Station showed a decrease in operating revenues of 16.5%. This decrease is due to the decrease in subscription and membership income. Operating expenses decreased by 7.5% due to the decrease in fundraising and membership development expense in 2020.

In fiscal year 2019, the Station showed an increase in operating revenues of 38.5%. This increase is due to the increase in subscription and membership income. Operating expenses decreased by 6.4% due to the decrease in fundraising and membership development expenses in 2019.

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.

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 Dean has stabilized operations and has undertaken creative efforts to expand the WEAA-FM audience and grow the revenue streams from current results. He has also mandated 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**

**Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019**

SUMMARY AND ECONOMIC OUTLOOK (continued)

The COVID-19 pandemic along with many other media outlets made an impact on WEAA's underwriting and revenue streams. Although media consumption was on the rise, the events the Station once covered no longer existed. The business also was no longer open which caused the Station's underwriting revenue to suffer. In regard to membership, the Station postponed its traditional fundraising drive. There was an urgency to only deal with the life-threatening impact the COVID-19 pandemic made on the audience that the Station serves. Demographically, the Station's audience is 89% African American. Once the Station could find the appropriate tone for fundraising, the Station conducted drives but realized the audience giving had declined. Shortly after the drive the Station was able to pivot with a strategy to kick off by a group of alumni that made sure the community knew the Station needed help to survive. The Station's plan moving forward includes being allowed to fill key roles in underwriting and development. These are roles that were important and vacant but now allows the Station to come up with an aggressive plan. Also, the Station has been able to form larger sponsorships as the Station has new partnerships with the health community in an effort to close health disparity issues and disseminate information.

MORGAN STATE UNIVERSITY
WEAA-FM

Balance Sheets
As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 444,236	\$ 343,112
Accounts receivable, net	1,592	1,412
Pledges receivable, net	16,298	12,346
Grant receivable	2,739	4,396
Total Current Assets	<u>464,865</u>	<u>361,266</u>
Non-Current Assets		
Equipment, net	-	23,764
Total Assets	<u>\$ 464,865</u>	<u>\$ 385,030</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,777	\$ 60,295
Accrued payroll	47,413	37,972
Accrued vacation	2,928	12,026
Unearned grant revenue	352,386	222,486
Unearned revenue	-	3,450
Total Current Liabilities	<u>409,504</u>	<u>336,229</u>
Non-Current Liabilities		
Accrued vacation, net of current portion	37,471	14,730
Total Liabilities	<u>446,975</u>	<u>350,959</u>
Net Position		
Net investment in capital assets	-	23,764
Unrestricted	17,890	10,307
Total Net Position	<u>17,890</u>	<u>34,071</u>
Total Liabilities and Net Position	<u>\$ 464,865</u>	<u>\$ 385,030</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Subscription and membership income	\$ 149,775	\$ 206,856
Underwriting income	106,263	92,890
Grants	179,942	203,416
In-kind contributions	8,993	29,823
Rental income	810	1,040
Total Operating Revenues	<u>445,783</u>	<u>534,025</u>
Operating Expense		
Program services:		
Programming and production	292,528	180,330
Broadcasting	617,142	748,892
Program information	4,603	8,482
Total program services	<u>914,273</u>	<u>937,704</u>
Management and general	430,989	478,621
Fundraising and membership development	158,649	209,579
Total Operating Expense	<u>1,503,911</u>	<u>1,625,904</u>
Operating Loss	<u>(1,058,128)</u>	<u>(1,091,879)</u>
Non-Operating Revenues		
Appropriations from Morgan State University	691,725	514,536
Donated facilities and administrative support from		
Morgan State University	350,222	555,917
Total Non-Operating Revenues	<u>1,041,947</u>	<u>1,070,453</u>
Change in Net Position	(16,181) -	(21,426)
Net position, beginning of year	34,071	55,497
Net Position, End of Year	<u>\$ 17,890</u>	<u>\$ 34,071</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Subscription and membership income	\$ 100,369	\$ 114,344
Underwriting income	102,633	108,138
Grants	261,691	427,067
Rental income	810	1,040
Payments to employees	(756,570)	(593,499)
Payments to suppliers and contractors	(299,534)	(375,044)
Net Cash from Operating Activities	<u>(590,601)</u>	<u>(317,954)</u>
Cash Flows from Noncapital Financing Activities		
Appropriations from Morgan State University	<u>691,725</u>	<u>514,536</u>
Net change in cash	101,124	196,582
Cash, Beginning of Year	<u>343,112</u>	<u>146,530</u>
Cash, End of Year	<u>\$ 444,236</u>	<u>\$ 343,112</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating Loss	\$ (1,058,128)	\$ (1,091,879)
Donated facilities and administrative support from Morgan State University	350,222	555,917
Depreciation	23,764	25,926
Bad debt expense	62,274	72,754
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable	(17,000)	12,482
Pledges receivable	(49,406)	(92,513)
Grant receivable	1,657	209,989
Accounts payable and accrued expenses	(53,518)	(7,559)
Accrued vacation	13,643	(4,241)
Accrued payroll	9,441	(15,269)
Unearned grant revenue	129,900	13,664
Unearned revenue	(3,450)	2,775
Net Cash from Operating Activities	<u>\$ (590,601)</u>	<u>\$ (317,954)</u>

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

MORGAN STATE UNIVERSITY
WEAA-FM

Notes to the Financial Statements
June 30, 2020 and 2019

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 \$350,222 and \$557,917, was reported for the fiscal years ended June 30, 2020 and 2019, 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.

Notes to the Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019, was \$17,810 and \$990, 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, 2020 and 2019, 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, 2020 and 2019, was \$187,428 and \$141,974, 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, 2020 and 2019, 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 balance sheets 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, 2020 and 2019**

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.

Grant Revenue

Grant revenue is recognized as expenditures are incurred. Any unexpended grant funds are recorded as unearned grant revenue in the accompanying balance sheets.

Donated Facilities and Administrative Support

The University provides certain facilities and administrative support to the Station. Donated facilities and administrative support represent 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, 2020 and 2019, the Station's allocated amounts of donated facilities and administrative support were calculated based on amounts stated in the University's audited financial statements.

Notes to the Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 January 14, 2021, 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, 2020 and 2019, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer) in the amount of \$444,236 and \$343,112, 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, 2020 and 2019, 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, 2020.

MORGAN STATE UNIVERSITY
WEAA-FM

Notes to the Financial Statements
June 30, 2020 and 2019

4. CAPITAL ASSETS

Capital assets as of June 30, 2020 were as follows:

	Balance as of June 30, 2019	Additions	Disposals	Balance as of June 30, 2020
Capital Assets				
Depreciated assets:				
Equipment	\$ 129,629	\$ -	\$ -	\$ 129,629
Less accumulated depreciation	<u>105,865</u>	<u>23,764</u>	<u>-</u>	<u>129,629</u>
Capital Assets, Net	<u>\$ 23,764</u>	<u>\$ (23,764)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets as of June 30, 2019 were as follows:

	Balance as of June 30, 2018	Additions	Disposals	Balance as of June 30, 2019
Capital Assets				
Depreciated assets:				
Equipment	\$ 129,629	\$ -	\$ -	\$ 129,629
Less accumulated depreciation	<u>79,939</u>	<u>25,926</u>	<u>-</u>	<u>105,865</u>
Capital Assets, Net	<u>\$ 49,690</u>	<u>\$ (25,926)</u>	<u>\$ -</u>	<u>\$ 23,764</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$23,764 and \$25,926, respectively.

5. NON-CURRENT LIABILITIES

Changes in non-current liabilities consisted of the following for the year ended June 30, 2020:

	Balance as of June 30, 2019	Additions	Reductions	Balance as of June 30, 2020	Amount Due Within One Year
Accrued vacation	<u>\$ 26,756</u>	<u>\$ 24,032</u>	<u>\$ 10,389</u>	<u>\$ 40,399</u>	<u>\$ 2,928</u>

Changes in non-current liabilities consisted of the following for the year ended June 30, 2019:

	Balance as of June 30, 2018	Additions	Reductions	Balance as of June 30, 2019	Amount Due Within One Year
Accrued vacation	<u>\$ 30,997</u>	<u>\$ 7,880</u>	<u>\$ 12,121</u>	<u>\$ 26,756</u>	<u>\$ 12,026</u>

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Notes to the Financial Statements
June 30, 2020 and 2019**

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.

7. COMMITMENTS AND CONTINGENCIES

Grant expenses are subject to audit by the grantor, and to the extent an audit determines any expenses were disallowed, the amount is subject to refund to the grantor. Management does not believe any refund, if required as of June 30, 2020 and 2019, would be material to the financial statements as a whole..

SUPPLEMENTAL INFORMATION

**MORGAN STATE UNIVERSITY
WEAA-FM**

**Schedule of Non-Federal Support
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 265,841	\$ 330,609
Non-Operating Revenues		
Appropriations from Morgan State University	<u>691,725</u>	<u>514,536</u>
Total Direct Non-Federal Financial Support	957,566	845,145
Indirect Non-Federal Financial Support	<u>350,222</u>	<u>555,917</u>
Total Non-Federal Financial Support	<u>\$ 1,307,788</u>	<u>\$ 1,401,062</u>