

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

AUDIT REPORT

June 30, 2010

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

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KRCU 90.9 FM
Management's Discussion and Analysis
For the Years Ended June 30, 2010 and 2009
(UNAUDITED)

Overview of the Financial Statements and Financial Analysis

Southeast Missouri State University is proud to present its financial statements for National Public Radio Station KRCU 90.9 FM (the Station) for the fiscal years ended June 30, 2010 and 2009. There are three financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

This discussion and analysis of the Station's financial statements provides an overview of its financial activities for the year.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the Station as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of KRCU 90.9 FM. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities).

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the Station. They are also able to determine how much the Station owes vendors. Finally the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the Station.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the Station's equity in property, plant and equipment. The next asset category is restricted net assets. Expendable restricted net assets are available for expenditures by the Station but must be spent for purposes as determined by the donors and/or external entities that have placed item or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the Station for any lawful purpose of the Station.

The total assets of the Station decreased by \$69,131 from \$1.34 million at June 30, 2009 to \$1.27 million at June 30, 2010. The decrease in total net assets of \$110,452 is primarily due to a decrease in unrestricted undesignated net assets. Net assets at June 30, 2010 totaled \$646,226 and included \$(236,189) unrestricted, \$13,764 restricted, and \$868,651 invested in capital assets, net of related debt. Net assets at June 30, 2009 totaled \$756,678 and included (\$127,033) unrestricted, \$9,438 restricted, and \$874,273 invested in capital assets, net of related debt.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the Station, both operating and nonoperating, and the expenses paid by the Station, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the Station.

Total operating revenues for fiscal year 2010 were \$641,966, up \$36,466 from operating revenues of \$605,500 in fiscal year 2009, mainly due to the increase from the Public Broadcasting grant. Operating expenses increased \$37,510 primarily due to an increase in fundraising and membership development expenses. Operating expenses for 2010 and 2009 totaled \$725,391 and \$687,881, respectively. KRCU experienced a net operating loss in 2010 and 2009 of \$83,425 and \$82,381. The Station had a decrease in net assets of \$110,452 from \$756,678 in 2009 to \$646,226 in 2010.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the Station during the year. The statement is divided into three parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the Station. The second section deals with cash flows from capital and related financing activities. The third section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. The cash of the Station remained at \$0 from June 30, 2009 to June 30, 2010.

Economic Outlook

KRCU 90.9 FM is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.



HILLIN AND CLARK, PC
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
MSCPA
AICPA

JAMES M. HILLIN, CPA
R. DWAYNE CLARK, CPA

711 E. Washington
Hayti, Missouri 63851
573-359-1388
Fax 573-359-1390

364 S. Broadview St.
Cape Girardeau, Missouri 63703
573-334-8200
Fax 573-334-8578

ASSOCIATES:
JOHN A. HILLIN, CPA

CORRIE VASSALLI, CQA
DIANA TOWNSEND, CQA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of KRCU

We have audited the accompanying statement of net assets of KRCU 90.9 FM Radio, a Public Broadcasting Entity operated by and a component unit of Southeast Missouri State University as of June 30, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of KRCU 90.9 FM Radio, a Public Broadcasting Entity operated by Southeast Missouri State University as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2011, on our consideration of KRCU 90.9 FM Radio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

A handwritten signature in black ink that reads "Hillin and Clark, P.C." in a cursive, flowing style.

HILLIN AND CLARK, P.C.

Cape Girardeau, Missouri
January 26, 2011

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MEMBER:
MSCPA
AICPA

JAMES M. HILLIN, CPA
R. DWAYNE CLARK, CPA

711 E. Washington
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573-359-1388
Fax 573-359-1390

364 S. Broadview St.
Cape Girardeau, Missouri 63703
573-334-8200
Fax 573-334-8578

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DIANA TOWNSEND, CQA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of KRCU

We have audited the financial statements of KRCU 90.9 FM Radio, a Public Broadcasting Entity as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated January 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KRCU 90.9 FM Radio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the KRCU 90.9 FM Radio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KRCU 90.9 FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

A handwritten signature in black ink that reads "Hillin and Clark, P.C." in a cursive style.

HILLIN AND CLARK, P.C.

Cape Girardeau, Missouri
January 26, 2011

KRCU 90.9 FM
A PUBLIC BROADCASTING ENTITY
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STATEMENT OF NET ASSETS

June 30, 2010 and June 30, 2009

<u>ASSETS:</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash	\$ 0	\$ 0
Due from University	48,000	48,000
Prepaid Expenses	13,843	13,186
Total Current Assets	<u>\$ 61,843</u>	<u>\$ 61,186</u>
Noncurrent Assets:		
Due from University	\$ 147,149	\$ 179,149
Equipment, Net	1,063,800	1,101,588
Total Noncurrent Assets	<u>\$ 1,210,949</u>	<u>\$ 1,280,737</u>
Total Assets	<u><u>\$ 1,272,792</u></u>	<u><u>\$ 1,341,923</u></u>
 <u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	\$ 4,483	\$ 901
Due to University	429,522	358,547
Retainage Payable	0	166
Deferred Revenue	73,822	74,094
Accrued Compensation	19,589	20,388
Total Current Liabilities	<u>\$ 527,416</u>	<u>\$ 454,096</u>
Noncurrent Liabilities:		
Deferred Revenue	\$ 99,150	\$ 131,149
Total Noncurrent Liabilities	<u>\$ 99,150</u>	<u>\$ 131,149</u>
Total Liabilities	<u><u>\$ 626,566</u></u>	<u><u>\$ 585,245</u></u>
 <u>NET ASSETS:</u>		
Invested in Capital Assets, Net of Related Debt	\$ 868,651	\$ 874,273
Restricted	13,764	9,438
Unrestricted	(236,189)	(127,033)
Total Net Assets	<u>\$ 646,226</u>	<u>\$ 756,678</u>
 Total Liabilities and Net Assets	<u><u>\$ 1,272,792</u></u>	<u><u>\$ 1,341,923</u></u>

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

KRCU 90.9 FM
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

June 30, 2010 and June 30, 2009

<u>REVENUES:</u>	<u>2010</u>	<u>2009</u>
Operating Revenues		
General Appropriation from the University	\$ 244,623	\$ 290,373
Donated Facilities and Administrative		
Support from University	95,353	91,442
Corporation for Public Broadcasting Grant	140,925	94,569
Missouri Arts Council Grant	10,022	19,130
Federal Grants - ARRA	4,697	0
Contributions	131,275	105,620
Other Operating Revenues	15,071	4,366
Total Operating Revenues	<u>\$ 641,966</u>	<u>\$ 605,500</u>
 <u>EXPENSES:</u>		
Operating Expenses		
Program Services:		
Programming and Production	\$ 211,855	\$ 205,239
Broadcasting	151,469	146,593
Program Information and Promotion	2,026	315
Subtotal	<u>\$ 365,350</u>	<u>\$ 352,147</u>
Supporting Services:		
Management and General	\$ 228,897	\$ 227,273
Fund Raising and Membership Development	52,362	37,018
Underwriting and Grant Solicitation	34,213	32,772
Subtotal	<u>\$ 315,472</u>	<u>\$ 297,063</u>
Depreciation Expense	<u>\$ 44,569</u>	<u>\$ 38,671</u>
Total Operating Expenses	<u>\$ 725,391</u>	<u>\$ 687,881</u>
 OPERATING INCOME (LOSS)	 <u>\$ (83,425)</u>	 <u>\$ (82,381)</u>
 <u>NONOPERATING REVENUES (EXPENSES):</u>		
Capital Support from University	\$ 32,000	\$ 48,000
Return of Capital Support from University	(59,027)	0
Total Nonoperating Revenues (Expenses)	<u>\$ (27,027)</u>	<u>\$ 48,000</u>
 INCREASE (DECREASE) IN NET ASSETS	 \$ (110,452)	 \$ (34,381)
 NET ASSETS, BEGINNING OF YEAR	 <u>756,678</u>	 <u>791,059</u>
 NET ASSETS, END OF YEAR	 <u>\$ 646,226</u>	 <u>\$ 756,678</u>

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

KRCU 90.9 FM
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STATEMENT OF CASH FLOWS

Years Ended June 30, 2010 and June 30, 2009

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	2010	2009
Institutional Commitment	\$ 244,623	\$ 289,471
Contributions	77,523	70,100
Underwriting	53,752	35,180
Grants	155,371	116,843
Other Income	15,070	3,802
Payments to Vendors and Suppliers	(189,178)	(203,270)
Payments to Employees	<u>(394,163)</u>	<u>(385,794)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (37,002)	\$ (73,668)
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Advances from Southeast Missouri State University	\$ 70,976	\$ 161,102
Repayment of Advances from Southeast Missouri State University	(59,027)	0
Capital Support from Southeast Missouri State University	32,000	48,000
Purchases of Capital Assets	<u>(6,947)</u>	<u>(135,434)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 37,002	\$ 73,668
INCREASE (DECREASE) IN CASH	\$ 0	\$ 0
CASH, BEGINNING OF YEAR	<u>0</u>	<u>0</u>
CASH, END OF YEAR	<u><u>0</u></u>	<u><u>0</u></u>
 <u>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (83,425)	\$ (82,381)
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	44,569	38,671
Change in Assets and Liabilities:		
Prepaid Expenses	(657)	(1,697)
Accounts Payable	3,582	(32,511)
Deferred Revenue	(272)	3,144
Accrued Compensation	<u>(799)</u>	<u>1,106</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (37,002)	\$ (73,668)

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

KRCU 90.9 FM
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 1: **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Operations:

KRCU 90.9 FM (the Station) is operated by Southeast Missouri State University, Cape Girardeau, Missouri (the University). All amounts contained in this report are included in the audited financial statements of the University, a component unit of the State of Missouri, as of June 30, 2010 and 2009. As the Station is a part of the University, it is exempt from federal and state income taxes.

Accounting Basis:

The accompanying financial statements have been prepared on the accrual basis. The financial statements have been prepared in accordance with the regulations of the Corporation for Public Broadcasting (CPB) and the Governmental Accounting Standards Board (GASB).

Effective July 1, 2001, the Station implemented the required governmental disclosures and reporting requirements outlined in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's discussion and Analysis-for Public Colleges and Universities*.

Presentation Basis:

Net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor or grantor imposed stipulations.

Restricted Net Assets – Consist of unused funds from the current Corporation for Public Broadcasting Grant. Fiscal year 2009 Grant funding covers a two-year period from October 1, 2008 – September 30, 2010. Fiscal year 2010 Grant funding covers a two-year period from October 1, 2009 – September 30, 2011.

Property and Equipment:

Property and fixed assets are recorded at cost less accumulated depreciation or, in the case of donated property, at the estimated fair value at the date of receipt less accumulated depreciation. Equipment is defined as non-expendable property costing \$1,000 or more. Equipment traded in, lost, stolen, discarded or declared surplus is deleted from the fixed asset inventory.

Machinery and Equipment	5-20 years
Software	5 years
Building	12 years
Towers	33 years

In-Kind Contributions:

Donated facilities from the University consist of office and studio space. Administrative support from the University consists of allocated institutional costs and certain other expenditures incurred by the University on behalf of the Station. Allocations for both space and administrative support are computed on a square footage basis. Total allocations from the University for 2010 and 2009 were \$95,353 and \$91,442, respectively.

General Appropriation from the University:

KRCU annually receives a general appropriation from the University based on the University's annual budget. The 2010 and 2009 appropriations were \$244,623 and \$290,373 respectively.

Due from University:

The University agreed to provide \$480,000 over a 10 year period to support the Farmington Tower and Transmitter and Relocation of KRCU Tower projects. The completion of Relocation of KRCU Tower resulted in lower expenditures than originally anticipated. Therefore, in fiscal year 2008, the total amount due from the University was decreased by \$28,851 for the Relocation of KRCU Tower project. The University will transfer funds each year to KRCU through fiscal year 2015.

Use of Estimates:

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expense:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net assets. Accordingly, certain costs have been allocated among program and supporting services by systematic bases.

NOTE 2: ACCOUNTS RECEIVABLE:

The organization uses the allowance method for financial statement purposes. The allowance for doubtful accounts as of June 30, 2010 and June 30, 2009 was \$0.00.

NOTE 3: ACCOUNTS PAYABLE:

Accounts payable for the fiscal year ended June 30, 2010 included operating supplies and services. Accounts payable for the fiscal year ended June 30, 2009 included operating supplies and services.

NOTE 4: PROPERTY AND EQUIPMENT:

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2010.

	July 1, 2009				June 30, 2010
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
Machinery and Equipment	\$ 106,153	\$ 3,346	\$ (5,841)	\$ 0	\$ 103,658
Software	3,500	0	0	0	3,500
Buildings	305,212	3,435	0	0	308,647
Towers	<u>1,060,245</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,060,245</u>
	\$ 1,475,110	\$ 6,781	\$ (5,841)	\$ 0	\$ 1,476,050
Accumulated Depreciation	<u>(373,522)</u>	<u>\$ (44,569)</u>	<u>\$ 5,841</u>	<u>\$ 0</u>	<u>\$ (412,250)</u>
Net Property and Equipment	<u>\$ 1,101,588</u>	<u>\$ (37,788)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,063,800</u>

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2009.

	July 1, 2008				June 30, 2009
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
Machinery and Equipment	\$ 108,025	\$ 1,545	\$ 0	\$ (3,417)	\$ 106,153
Software	3,500	0	0	0	3,500
Buildings	283,134	22,078	0	0	305,212
Towers	<u>1,060,245</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,060,245</u>
	\$ 1,454,904	\$ 23,623	\$ 0	\$ (3,417)	\$ 1,475,110
Accumulated Depreciation	<u>(337,682)</u>	<u>\$ (38,671)</u>	<u>\$ 0</u>	<u>\$ 2,831</u>	<u>\$ (373,522)</u>
Net Property and Equipment	<u>\$ 1,117,222</u>	<u>\$ (15,048)</u>	<u>\$ 0</u>	<u>\$ (586)</u>	<u>\$ 1,101,588</u>

NOTE 5: DUE TO UNIVERSITY:

For the years ended June 30, 2010 and 2009, KRCU showed cash deficits of \$429,522 and \$358,547 respectively in their cash interfund accounts with the University. KRCU cash is pooled with other funds within the University bank accounts. The cash deficit of \$195,149 as of June 30, 2010, related to prior years' construction project outlays, will be covered by support of \$195,149 over the remaining seven year period. The cash deficit of \$227,149 as of June 30, 2009 was related to construction project outlays and will be covered by support of \$227,149 over the remaining six year period.

NOTE 6: RETIREMENT PLAN:

Substantially all full-time KRCU employees are participants in the statewide Missouri State Employees' Retirement System ("MOSERS"), a single-employer defined benefit public employees' retirement system.

Participation in MOSERS is available to employees of all state departments, agencies, and public institutions of higher education. As such, the System Facilities considers its participation in MOSERS as substantially equivalent to that of a cost-sharing, multiple employer public employees' retirement system. The operations and management of MOSERS are generally prescribed in the Missouri Revised Statutes and supervised by MOSERS Board of Trustees.

MOSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MOSERS, 907 Wildwood, P.O. Box 209, Jefferson City, Missouri 65102.

MOSERS provides retirement, death and disability benefits to its members. Benefits for general State employees are fully vested after five years of credited service. Employees may retire at or after age 55 and receive a reduced benefit. Employees may also retire with full benefits when the sum of the employee's years of service plus the employee's age equals 80 or more.

State statutes require the state of Missouri to fund all contributions to MOSERS. These actuarially determined contributions are computed as a level percentage of covered payroll. The percentage for fiscal year 2010 and 2009 was set at 12.75% and 12.53% respectively. Contributions to MOSERS were \$33,337, \$32,595 and \$31,912 for the fiscal year ending June 30, 2010, 2009 and 2008, respectively, which were equal to the required contributions each year. The MOSERS funded status ratio was 80.4% and 85.9% as of June 30, 2009 and 2008.

NOTE 7: POSTEMPLOYMENT HEALTHCARE PLAN:

On June 30, 2008, Southeast Missouri State University adopted Governmental Accounting Standards Board Statement 45 Accounting and Financial Reporting by

Employers for Postemployment Benefits Other Than Pensions. The effect of the GASB 45 adoption is not considered significant to the KRCU financial statements; therefore, the required disclosures have been omitted.

The University provides a one time opportunity for retirees to continue medical insurance coverage. Retirees who elect to continue medical insurance are required to pay monthly premiums on the basis of an implicit rate subsidy calculation. Monthly premiums for participating retirees under 65 years of age are subsidized by the University at the rate of 1% for every year of active service to the University. The adjusted monthly retiree premium cost will not go below 80% of the premium amount. Financial statements for the plan are not available.

The University pays for their portion of the medical insurance premiums on a pay-as-you-go basis. No trust fund has been created for the payment of the University's portion of the medical insurance premiums; therefore as of June 30, 2010 and 2009, the University's obligations are unfunded. For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2010 and 2009.

NOTE 8: CONTINGENCIES AND RISK MANAGEMENT:

KRCU is subject to various legal proceedings and claims which arise in the ordinary course of its operations. In the opinion of the University management, the amount of ultimate liability with respect to these actions will not materially affect the overall financial position of KRCU.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on KRCU's financial position.

KRCU employees are covered under Worker's Compensation by the State of Missouri. Claims are submitted to the State and paid by the State in behalf of the University. Total claims paid for all Southeast Missouri State University employees for fiscal year 2009-2010 were approximately \$264,210. Total claims paid for all Southeast Missouri State University employees for fiscal year 2008-2009 were approximately \$282,685.

The majority of KRCU employees are also covered by unemployment insurance administered by the State of Missouri Division of Employment Security.

KRCU is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters and employee health and accident benefits. The University purchases commercial insurance and also receives coverage through the

State of Missouri for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 9: NET ASSETS:

Restricted – In accordance with GASB Statement No. 34, net assets are restricted when constraints placed are either externally imposed, or are imposed by law or legislation. Restricted net assets were \$13,764 at June 30, 2010. Restricted net assets were \$9,438 at June 30, 2009.

Unrestricted – Unrestricted net assets, as defined in GASB Statement No. 34, are not subject to externally imposed stipulations. Undesignated unrestricted net assets were \$(236,189) at June 30, 2010. Undesignated unrestricted net assets were \$(127,033) at June 30, 2009.

NOTE 10: SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 26, 2011, which is the date the financial statements were available.

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

STATEMENT OF FUNCTIONAL EXPENSES

Years Ended June 30, 2010 and June 30, 2009

	Program Services			Total Program Services	Support Services			Total Support Services	2010 Grand Total	2009 Summarized Grand Total
	Programming & Production	Broadcasting	Program Information		Management & General	Fund Raising	Underwriting & Grants			
Gross Payroll and Employee Benefits	\$ 93,764	\$ 111,774	\$ 0	\$ 205,538	\$ 113,581	\$ 33,021	\$ 33,021	\$ 179,623	\$ 385,161	\$ 379,518
Equipment Repair	0	624	0	624	265	0	0	265	889	2,422
Operations	110	19,570	2,026	21,706	3,132	18,568	1,192	22,892	44,598	65,088
In-Kind Facilities Support	0	0	0	0	35,896	0	0	35,896	35,896	38,295
In-Kind Administrative Support	0	0	0	0	59,457	0	0	59,457	59,457	53,148
	\$ 93,874	\$ 131,968	\$ 2,026	\$ 227,868	\$ 212,331	\$ 51,589	\$ 34,213	\$ 298,133	\$ 526,001	\$ 538,471

	Program Services			Total Program Services	Support Services			Total Support Services	2010 Grand Total	2009 Summarized Grand Total
	Programming & Production	Broadcasting	Program Information		Management & General	Fund Raising	Underwriting & Grants			
Gross Payroll and Employee Benefits	\$ 4,102	\$ 4,102	\$ 0	\$ 8,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,204	\$ 7,382
Equipment Repair	0	0	0	0	0	0	0	0	0	0
Operations	113,879	15,399	0	129,278	16,566	773	0	17,339	146,617	103,357
In-Kind Facilities Support	0	0	0	0	0	0	0	0	0	0
In-Kind Administrative Support	0	0	0	0	0	0	0	0	0	0
	\$ 117,981	\$ 19,501	\$ 0	\$ 137,482	\$ 16,566	\$ 773	\$ 0	\$ 17,339	\$ 154,821	\$ 110,739

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