

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

AUDIT REPORT

June 30, 2008

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, 2008 and 2007

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, 2008 and 2007. 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 increased by \$31,965 from \$1.37 million at June 30, 2007 to \$1.4 million at June 30, 2008. The increase in total net assets of \$194,388 is primarily due to an increase in invested in capital assets, net of related debt. Net assets at June 30, 2008 totaled \$791,059 and included \$(42,065) unrestricted, \$6,477 restricted, and \$826,647 invested in capital assets, net of related debt. Net assets at June 30, 2007 totaled \$596,671 and included (\$83,099) unrestricted, \$8,044 restricted, and \$671,726 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 2008 were \$563,720, up \$42,510 from operating revenues of \$521,210 in fiscal year 2007, mainly due to increased donated facilities and administrative support from the University with the Station's relocation. Operating expenses increased \$21,929 primarily due to an increase in management expenses from donated facilities and administrative support from the University. Operating expenses for 2008 and 2007 totaled \$664,151 and \$642,222, respectively. KRCU experienced a net operating loss in 2008 and 2007 of \$100,431 and \$121,012. The Station had an increase in net assets of \$194,388 from \$596,671 in 2007 to \$791,059 in 2008.

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 \$0.00 from June 30, 2007 to June 30, 2008.

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
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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, 2008 and 2007, 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 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, 2008 and 2007, 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 29, 2009, 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 the 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 important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 2 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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,


HILLIN AND CLARK, P.C.

Cape Girardeau, Missouri
January 29, 2009



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**INDEPENDENT AUDITORS' 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, 2008 and 2007, and have issued our report thereon dated January 29, 2008. 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 opinions 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Board of Trustees of KRCU and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

A handwritten signature in cursive script that reads "Hillin and Clark, P.C."

HILLIN AND CLARK, P.C.

Cape Girardeau, Missouri
January 29, 2009

KRCU 90.9 FM
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SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF NET ASSETS

June 30, 2008 and June 30, 2007

<u>ASSETS:</u>	<u>2008</u>	<u>2007</u>
Current Assets:		
Due from University	\$ 48,000	\$ 48,000
Due from Federal Government	0	16,706
Prepaid Expenses	11,489	8,312
Total Current Assets	<u>\$ 59,489</u>	<u>\$ 73,018</u>
Noncurrent Assets:		
Due from University	\$ 227,149	\$ 304,000
Equipment, Net	1,117,222	994,877
Total Noncurrent Assets	<u>\$ 1,344,371</u>	<u>\$ 1,298,877</u>
Total Assets	<u>\$ 1,403,860</u>	<u>\$ 1,371,895</u>
 <u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	\$ 130,549	\$ 34,607
Due to University	197,445	421,537
Retainage Payable	15,426	0
Deferred Revenue	70,950	48,000
Accrued Compensation	19,282	15,080
Total Current Liabilities	<u>\$ 433,652</u>	<u>\$ 519,224</u>
Noncurrent Liabilities:		
Deferred Revenue	\$ 179,149	\$ 256,000
Total Noncurrent Liabilities	<u>\$ 179,149</u>	<u>\$ 256,000</u>
Total Liabilities	<u>\$ 612,801</u>	<u>\$ 775,224</u>
 <u>NET ASSETS:</u>		
Invested in Capital Assets, Net of Related Debt	\$ 826,647	\$ 671,726
Restricted	6,477	8,044
Unrestricted	(42,065)	(83,099)
Total Net Assets	<u>\$ 791,059</u>	<u>\$ 596,671</u>
 Total Liabilities and Net Assets	<u>\$ 1,403,860</u>	<u>\$ 1,371,895</u>

See Notes to Financial Statements

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

June 30, 2008 and June 30, 2007

<u>REVENUES:</u>	<u>2008</u>	<u>2007</u>
Operating Revenues		
General Appropriation from the University	\$ 228,928	\$ 222,016
Donated Facilities and Administrative		
Support from University	92,845	74,952
Corporation for Public Broadcasting Grant	92,211	85,778
Missouri Arts Council Grant	10,035	7,297
Contributions	133,557	127,197
Other Operating Revenues	6,144	3,970
Total Operating Revenues	<u>\$ 563,720</u>	<u>\$ 521,210</u>
 <u>EXPENSES:</u>		
Operating Expenses		
Program Services:		
Programming and Production	\$ 184,971	\$ 182,522
Broadcasting	143,794	134,537
Program Information and Promotion	263	204
Subtotal	<u>\$ 329,028</u>	<u>\$ 317,263</u>
Supporting Services:		
Management and General	\$ 225,472	\$ 208,465
Fund Raising and Membership Development	36,541	36,212
Underwriting and Grant Solicitation	31,804	29,878
Subtotal	<u>\$ 293,817</u>	<u>\$ 274,555</u>
Depreciation Expense	<u>\$ 41,306</u>	<u>\$ 50,404</u>
Total Operating Expenses	<u>\$ 664,151</u>	<u>\$ 642,222</u>
 OPERATING INCOME (LOSS)	 <u>\$ (100,431)</u>	 <u>\$ (121,012)</u>
 <u>NONOPERATING REVENUES (EXPENSES):</u>		
US Department of Commerce Grant	\$ 0	\$ (5,530)
Capital Gifts	350,000	0
Capital Support from University	48,000	80,000
Disposal of Plant Facilities	(103,181)	0
Total Nonoperating Revenues (Expenses)	<u>\$ 294,819</u>	<u>\$ 74,470</u>
 INCREASE (DECREASE) IN NET ASSETS	 <u>\$ 194,388</u>	 <u>\$ (46,542)</u>
 NET ASSETS, BEGINNING OF YEAR	 <u>596,671</u>	 <u>643,213</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 791,059</u></u>	 <u><u>\$ 596,671</u></u>

See Notes to Financial Statements

KRCU 90.9 FM
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STATEMENT OF CASH FLOWS

Years Ended June 30, 2008 and June 30, 2007

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	2008	2007
Institutional Commitment	\$ 228,928	\$ 220,153
Contributions	74,104	78,995
Underwriting	59,453	52,161
Grants	125,196	93,075
Other Income	6,144	2,975
Payments to Vendors and Suppliers	(160,919)	(172,435)
Payments to Employees	<u>(369,251)</u>	<u>(358,736)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (36,345)	\$ (83,812)
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Repayment of Advances from Southeast Missouri State University	\$ (224,092)	\$ (88,932)
Capital Support from Southeast Missouri State University	398,000	80,000
Grants Received	16,706	212,413
Payments to Vendors and Suppliers	0	(39,452)
Purchases of Capital Assets	<u>(154,269)</u>	<u>(80,217)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 36,345	\$ 83,812
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)	\$ (100,431)	\$ (121,012)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	41,306	50,404
Change in Assets and Liabilities:		
Receivables, Net	0	4,154
Prepaid Expenses	(3,177)	415
Accounts Payable	(1,195)	(18,244)
Deferred Revenue	22,950	0
Accrued Compensation	<u>4,202</u>	<u>471</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (36,345)	\$ (83,812)

See Notes to Financial Statements

KRCU 90.9 FM
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2008 and 2007

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, 2008 and 2007. 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 2007 Grant funding covers a two-year period from October 1, 2006 – September 30, 2008. Fiscal year 2008 Grant funding covers a two-year period from October 1, 2007 – September 30, 2009.

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 2008 and 2007 were \$92,845 and \$74,952, respectively.

General Appropriation from the University:

KRCU annually receives a general appropriation from the University based on the University's annual budget. The 2008 and 2007 appropriations were \$228,927 and \$222,016 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 PAYABLE:

Accounts payable for the fiscal year ended June 30, 2008 related to the relocation of KRCU to the Serena building. The composition of accounts payable for the fiscal year ended June 30, 2007 included \$1,195 for operating supplies and services and \$33,412 for the Station's generator projects.

NOTE 3: PROPERTY AND EQUIPMENT:

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2008.

	July 1, 2007			June 30, 2008
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Machinery and Equipment	\$ 285,246	\$ 1,698	\$ (178,919)	\$ 108,025
Software	3,500	0	0	3,500
Buildings	18,000	265,134	0	283,134
Towers	<u>1,060,245</u>	<u>0</u>	<u>0</u>	<u>1,060,245</u>
	\$ 1,366,991	\$ 266,832	\$ (178,919)	\$ 1,454,904
Accumulated Depreciation	<u>(372,114)</u>	<u>\$ (41,306)</u>	<u>\$ 75,738</u>	<u>\$ (337,682)</u>
Net Property and Equipment	<u>\$ 994,877</u>	<u>\$ 225,526</u>	<u>\$ (103,181)</u>	<u>\$ 1,117,222</u>

The following schedule summarizes the property and equipment activity for the fiscal year ended June 30, 2007.

	July 1, 2006			June 30, 2007
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Machinery and Equipment	\$ 271,387	\$ 17,516	\$ (3,657)	\$ 285,246
Software	3,500	0	0	3,500
Buildings	18,000	0	0	18,000
Towers	<u>997,544</u>	<u>62,701</u>	<u>0</u>	<u>1,060,245</u>
	\$ 1,290,431	\$ 80,217	\$ (3,657)	\$ 1,366,991
Accumulated Depreciation	<u>(325,367)</u>	<u>\$ (50,404)</u>	<u>\$ 3,657</u>	<u>\$ (372,114)</u>
Net Property and Equipment	<u>\$ 965,064</u>	<u>\$ 29,813</u>	<u>\$ 0</u>	<u>\$ 994,877</u>

NOTE 4: DUE TO UNIVERSITY:

For the years ended June 30, 2008 and 2007, KRCU showed cash deficits of \$197,445 and \$421,537 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 \$326,149, as of June 30, 2007 related to construction project outlays will be covered by support of \$352,000 over the remaining eight year period. Cash deficit of \$275,149 as of June 30, 2008 related to prior years' construction project outlays, will be covered by support of \$275,149 over the remaining eight year period.

NOTE 5: 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 2008 and 2007 was set at 12.84% and 12.78% respectively. Contributions to MOSERS were \$31,912, \$30,327 and \$25,476 for the fiscal year ending June 30, 2008, 2007 and 2006, respectively, which were equal to the required contributions each year. The MOSERS funded status ratio was 86.8% and 85.3% as of June 30, 2007 and 2006.

NOTE 6: POSTEMPLOYMENT HEALTHCARE PLAN:

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, 2008 the University's obligations are unfunded. For more information, see the separately issued financial statements of Southeast Missouri State University as of June 30, 2008.

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 University's adoption of GASB 45 is reported in the University's separately issued financial statements as of June 30, 2008. The effect of the adoption is not considered significant to the Systems Facilities financial statements; therefore the required disclosures have been omitted.

NOTE 7: 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 2007-2008 were approximately \$661,857. Total claims paid for all Southeast Missouri State University employees for fiscal year 2006-2007 were approximately \$211,750.

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.

Members of the Missouri State Colleges and Universities Group Insurance Consortium decided during 2004 to provide employee benefits independently rather than as a group. Therefore, MSU Benefits Group, Inc. terminated all benefit plans offered to its members at the end of calendar year 2004. As a corporation, MSU Benefits Group, Inc. will be responsible for covering all eligible claims incurred prior to December 31, 2004. Effective January 1, 2005, the University contracted with a private health insurance corporation for health care coverage.

NOTE 8: 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 \$6,477 at June 30, 2008. Restricted net assets were \$8,044 at June 30, 2007.

Unrestricted – Unrestricted net assets, as defined in GASB Statement No. 34, are not subject to externally imposed stipulations. Undesignated unrestricted net assets were \$(42,065) at June 30, 2008. Undesignated unrestricted net assets were \$(83,099) at June 30, 2007.

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

STATEMENT OF FUNCTIONAL EXPENSES

Years Ended June 30, 2008 and June 30, 2007

OPERATING FUNDS

	Program Services		Total Program Services	Support Services			Total Support Services	2008 Grand Total	2007 Summarized Grand Total
	Programming & Production	Broadcasting		Program Information	Management & General	Fund Raising			
Gross Payroll and Employee Benefits	\$ 85,533	\$ 102,118	\$ 0	\$ 111,577	\$ 31,710	\$ 31,709	\$ 174,996	\$ 362,647	\$ 347,821
Equipment Repair	0	7,980	0	2,810	0	0	2,810	10,790	806
Operations	1,620	28,293	263	17,647	4,831	95	22,573	52,749	73,399
In-Kind Facilities Support	0	0	0	40,600	0	0	40,600	40,600	23,301
In-Kind Administrative Support	0	0	0	52,245	0	0	52,245	52,245	51,651
	<u>\$ 87,153</u>	<u>\$ 138,391</u>	<u>\$ 263</u>	<u>\$ 224,879</u>	<u>\$ 36,541</u>	<u>\$ 31,804</u>	<u>\$ 293,224</u>	<u>\$ 519,031</u>	<u>\$ 496,978</u>

RESTRICTED FUNDS

	Program Services		Total Program Services	Support Services			Total Support Services	2008 Grand Total	2007 Summarized Grand Total
	Programming & Production	Broadcasting		Program Information	Management & General	Fund Raising			
Gross Payroll and Employee Benefits	\$ 5,403	\$ 5,403	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,806	\$ 12,280
Equipment Repair	0	0	0	0	0	0	0	0	(5,530)
Operations	92,415	0	0	593	0	0	593	93,008	88,090
In-Kind Facilities Support	0	0	0	0	0	0	0	0	0
In-Kind Administrative Support	0	0	0	0	0	0	0	0	0
	<u>\$ 97,818</u>	<u>\$ 5,403</u>	<u>\$ 0</u>	<u>\$ 593</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 593</u>	<u>\$ 103,814</u>	<u>\$ 94,840</u>

See Notes to Financial Statements