



**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Financial Statements & Supplementary Information

Years Ended June 30, 2020 and 2019
with Report of Independent Auditors

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MOREHEAD STATE UNIVERSITY
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Management's Discussion and Analysis (*unaudited*)

WMKY-FM (the Station) Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of the financial performance of the Station for the year ended June 30, 2020. Management has prepared this discussion, along with the financial statements and related footnotes, to provide summary financial information. This MD&A should be read in conjunction with the accompanying financial statements and footnotes.

Reporting Entity

WMKY, Morehead State Public Radio, is a component unit of Morehead State University (the University) and the Commonwealth of Kentucky.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These financial statements focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole.

One of the most important questions asked about Station finances is whether the Station is better off as a result of the year's activities. The information needed to answer this question is in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. GASB 35 requires University appropriations and gifts to be classified as non-operating revenues. Accordingly, the Station will generate a net operating loss prior to the addition of non-operating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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Management's Discussion and Analysis (*unaudited*), continued

When evaluating financial viability of the Station, another important factor to consider is the ability to meet financial obligations as they occur. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing and capital financing activities.

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The Station's net position (the difference between assets and liabilities) is indicative of the Station's financial health. Over time, increases or decreases in net position can indicate improvement or erosion of the Station's financial health.

Statements of Net Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets	\$441,930	\$325,973
Capital assets	<u>54,175</u>	<u>55,803</u>
Total Assets	<u>496,105</u>	<u>381,776</u>
 <u>Net Position</u>		
Net investment in capital assets	54,175	55,803
Unrestricted	248,048	207,993
Restricted – Expendable	<u>193,882</u>	<u>117,980</u>
 Total Net Position	<u><u>\$496,105</u></u>	<u><u>\$381,776</u></u>

MOREHEAD STATE UNIVERSITY
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Management's Discussion and Analysis (*unaudited*), continued

Financial Highlights

The financial statements indicate that the Station's financial condition remained stable on June 30, 2020.

- Total assets were \$496 thousand. Significant components of the assets include \$442 thousand in cash and \$54 thousand in capital assets, net of depreciation.
- Operating revenues were \$327 thousand and operating expenses were \$571 thousand, resulting in an operating loss of approximately \$244 thousand.
- Net non-operating revenues of \$358 thousand were comprised primarily of appropriations from Morehead State University (the University).
- The combination of net loss from operations and the net non-operating revenues resulted in an increase in net position of \$114 thousand.

Assets

The Station's total assets as of June 30, 2020 were approximately \$496 thousand. On June 30, 2019, the total assets were approximately \$382 thousand. Cash of \$442 thousand is the Station's largest asset or approximately 89% of total assets at June 30, 2020. Investments in capital assets, net of depreciation, are the Station's next largest asset, totaling \$54 thousand or approximately 11% of total assets at June 30, 2020.

Net Position

Total net position increased by approximately \$114 thousand during the year ended June 30, 2020.

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Management's Discussion and Analysis (*unaudited*), continued

Revenue

Total operating revenues were approximately \$327 thousand for the year ended June 30, 2020. The total for June 30, 2019 was \$217 thousand. Sources of operating revenue for the Station are the Community Service Grant – Radio, of \$244 thousand or 75%, membership and subscriptions of \$45 thousand or 14%, underwriting of \$16 thousand or 5% Federal work-study of \$13 thousand or 4% and other revenue of \$9 thousand or 2%.

Total operating revenues increased \$110 thousand during the year ended June 30, 2020.

Expenses

Operating expenses for the year totaled approximately \$571 thousand versus \$538 thousand at June 30, 2019. Of this amount, approximately \$287 thousand or 50% was used for programming and production expense, \$132 thousand or 23% was used for broadcasting expenses, \$30 thousand or 5% was used for program information and promotions, \$83 thousand or 15% for management and general, \$18 thousand or 3% for fundraising and membership development, \$1 thousand or 0% for underwriting and grant solicitation, and \$20 thousand or 4% for depreciation.

Cash Flows

The Statement of Cash Flows helps financial statement readers assess the Station's ability to generate future net cash flows, to meet obligations as they become due and the Station's need for external financing.

Major sources of funds for the Station include the Community Service Grant, membership fees and underwriting. The largest cash outlays for operating activities were made to employees for wages and benefits, \$253 thousand and to suppliers, \$148 thousand. The largest cash receipt in the noncapital financing activities group is the operating appropriation from Morehead State University of \$230 thousand.

Capital Assets

Capital assets, net of accumulated depreciation, totaled approximately \$54 thousand at June 30, 2020 versus \$56 thousand at June 30, 2019. Depreciation expense for the year was \$20 thousand, this was offset by additions of \$18 thousand.

MOREHEAD STATE UNIVERSITY
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Management's Discussion and Analysis (*unaudited*), continued

FACTORS IMPACTING FUTURE PERIODS

The Station is fairly well positioned for the immediate future. Management believes the Station's continued efforts to diversify revenue sources and increase membership and underwriting fees will strengthen its financial resources.

The Station's dependency upon the University and the Corporation for Public Broadcasting for a substantial part of its operating funds includes some degree of risk. Support from the Corporation for Public Broadcasting is tied directly to U.S. budgets and is subject to the actions of Congress. University funding is dependent upon funding from the Commonwealth of Kentucky and also subject to the actions of the governor and legislative entities.

The Station's management believes the current financial condition is strong enough to withstand pressures created by economic and funding uncertainties. Management also believes that increasing partnerships throughout the region will also increase the Station's financial standing.

During March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future.

The extent to which COVID-19 continues to impact the Station will depend on future developments, which are highly uncertain and cannot be predicted. As a result, the Station has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2021.

Report of Independent Auditors

Members of the Board of Regents and
Dr. Joseph A. Morgan, President
Morehead State University
Morehead, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of WMKY-FM (Station), a public telecommunications entity operated by Morehead State University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair representation 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WMKY-FM as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 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.

Other Information

The supplemental information contained on pages 18 through 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

Prior Period Financial Statements

As discussed in Note 2 of the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Dean Dorton Allen Ford, PLLC

Dean Dorton Allen Ford, PLLC

Lexington, Kentucky
November 24, 2020

**MOREHEAD STATE UNIVERSITY
WMKY-FM**

Statements of Net Position

June 30, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 441,930	\$ 325,973
Capital assets, net	<u>54,175</u>	<u>55,803</u>
Total assets	<u>496,105</u>	<u>381,776</u>
 Liabilities and Net Position		
Net position:		
Net investment in capital assets	54,175	55,803
Unrestricted	248,048	207,993
Restricted - expendable	<u>193,882</u>	<u>117,980</u>
Total net position	\$ <u>496,105</u>	\$ <u>381,776</u>

See accompanying notes.

MOREHEAD STATE UNIVERSITY
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Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
CPB	\$ 243,582	\$ 128,152
Federal workstudy	13,305	12,275
Underwriting	15,823	29,254
Memberships and subscriptions	45,103	38,880
Other operating income	<u>9,245</u>	<u>8,828</u>
Total operating revenues	327,058	217,389
Operating expenses:		
Program services:		
Programming and production	287,309	262,921
Broadcasting	131,584	127,792
Program information and promotion	<u>29,796</u>	<u>28,117</u>
	448,689	418,830
Supporting services:		
Management and general	83,357	77,394
Fundraising and membership development	18,497	17,454
Underwriting and grant solicitation	522	493
Depreciation	<u>20,349</u>	<u>23,940</u>
	<u>122,725</u>	<u>119,281</u>
Total operating expenses	<u>571,414</u>	<u>538,111</u>
Operating loss	(244,356)	(320,722)

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Statements of Revenues, Expenses, and Changes in Net Position, Continued

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Nonoperating revenues:		
General appropriation from MSU	229,659	205,836
Indirect administrative support	<u>129,026</u>	<u>100,035</u>
Net nonoperating revenues	<u>358,685</u>	<u>305,871</u>
Increase (decrease) in net position	114,329	(14,851)
Net position, beginning of year	<u>381,776</u>	<u>396,627</u>
Net position, end of year	<u>\$ 496,105</u>	<u>\$ 381,776</u>

See accompanying notes.

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Statements of Cash Flows

Years ended June 30, 2020 and 2019

Cash flows from operating activities:	<u>2020</u>	<u>2019</u>
Gifts and contracts	\$ 243,582	\$ 128,406
Private gifts and contracts	63,409	68,741
Payments to suppliers	(148,492)	(134,585)
Payments for salaries and benefits	<u>(253,480)</u>	<u>(259,309)</u>
Net cash used in operating activities	(94,981)	(196,747)
 Cash flows from noncapital financing activities:		
General appropriation from MSU	<u>229,659</u>	<u>205,836</u>
 Cash flows from noncapital financing activities:		
Purchase of capital assets	<u>(18,721)</u>	<u>-</u>
 Net increase in cash	115,957	9,089
Cash, beginning of year	<u>325,973</u>	<u>316,884</u>
Cash, at end of year	<u><u>\$ 441,930</u></u>	<u><u>\$ 325,973</u></u>
 Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (244,356)	\$ (320,722)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	20,349	23,940
Expenses related to in-kind contributions from MSU	<u>129,026</u>	<u>100,035</u>
Net cash used in operating activities	<u><u>\$ (94,981)</u></u>	<u><u>\$ (196,747)</u></u>

See accompanying notes.

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Notes to the Financial Statements

1. Description of Organization

WMKY-FM (the Station) is a University sponsored radio station serving more than 20 counties in Kentucky, Ohio and West Virginia. The Station is a component unit of Morehead State University (University) and the Commonwealth of Kentucky. The financial records and activities of the Station are administered by Morehead State University and Morehead State University Foundation, Inc. (Foundation).

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, contributions are recognized as revenue when available (received).

These financial statements are prepared in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, and subsequent standards issued by GASB. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Net Investment in Capital Assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted:**
 - Nonexpendable*– Net position subject to externally imposed stipulations that they be maintained permanently by the Station.
 - Expendable*– Net position whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Net position whose use by the Station is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the Station's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

Revenue Recognition

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Station has received the funds from the grantor. Unrestricted pledges are reported as revenue when the pledged contributions are received.

In-Kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Donated personal services of volunteers are recorded as revenues and expenses in the accompanying statement of revenue, expenses and changes in net position at estimated fair value based upon standard valuation rates and job classifications developed by the Corporation for Public Broadcasting (CPB).

Capital Assets

Capital assets are recorded at cost for purchased assets and at fair value at date of donation in the case of gifts. Expenditures of greater than \$1,000 and computers at any cost are tagged and tracked for inventory purposes. Expenditures of \$5,000 or greater, which increase values or extend useful lives of the respective assets, are capitalized; whereas expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is calculated by the straight-line method over the estimated useful lives (based on industry standards) of the assets, which range from two to twenty years.

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Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing the various activities have been summarized on a functional basis in the accompanying statement of revenue, expenses, and changes in net position. Accordingly, certain costs have been allocated among functional classifications based on total personnel costs or other reasonable basis.

Indirect Administrative Support

Indirect administrative support from the University consists of allocated maintenance, institutional support, and certain other costs incurred by the University and allowable by CPB.

Operating Activities

The Station defines operating activities, as reported on the statement of revenues, expenses and changes in net position, as those that generally result from exchange transactions. Nearly all of the Station's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as appropriations from the University, are recorded as nonoperating revenues, in accordance with GASB No. 35.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures during the reporting period. Actual results could differ from the estimated amounts.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through November 24, 2020, the date that the financial statements were available to be issued.

Restatement

During 2020, the Station corrected its accounting for certain grant revenues. Changes to the 2019 financial statements include:

Beginning net position was increased \$124,556.

**MOREHEAD STATE UNIVERSITY
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Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Restatement, continued

Ending net position and unearned revenue were increased and decreased, respectively, by \$117,980.

Decrease in net position for the year was increased by \$6,576.

3. Cash

At June 30, 2020 and 2019, the Station's bank balances were \$441,930 and \$325,973, respectively. These funds are reported as cash on the statement of net position. The Station maintains its cash balances in financial institutions, which at times, may exceed federally insured limits. The Station has not experienced any losses on such accounts. The Station believes it is not exposed to any significant credit risk related to its cash balances.

4. Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2020</u>
Furniture and equipment	\$ 781,061	\$ 18,721	\$ -	\$ 799,782
Less accumulated depreciation	<u>(725,258)</u>	<u>(20,349)</u>	<u>-</u>	<u>(745,607)</u>
Total capital assets, net	<u>\$ 55,803</u>	<u>\$ (1,628)</u>	<u>\$ -</u>	<u>\$ 54,175</u>

Capital assets activity for the year ended June 30, 2019 is as follows:

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2019</u>
Furniture and equipment	\$ 781,061	\$ -	\$ -	\$ 781,061
Less accumulated depreciation	<u>(701,318)</u>	<u>(23,940)</u>	<u>-</u>	<u>(725,258)</u>
Total capital assets, net	<u>\$ 79,743</u>	<u>\$ (23,940)</u>	<u>\$ -</u>	<u>\$ 55,803</u>

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Notes to the Financial Statements, continued

5. Pension Plan

All regular employees of the Station participate in the Kentucky Teacher's Retirement System (TRS). Participants are fully vested after five years of service. For the years ended 2020 and 2019, eligible Station employees contributed 8.185% of covered payroll and the Station contributed 15.865% of payroll. For the years ended June 30, 2020 and 2019, the Station's contributions to TRS were \$21,987 and \$27,972, respectively.

Effective July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* recording its share of TRS' unfunded liability on the University's 2019 statement of net position. Effective July 1, 2017, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* (Statement 75). Statement 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB recording its share of TRS' unfunded liability on the University's 2019 statement of net position. These liability amounts include the employees of the Station as the University views the Station's employees as their employees. Also, the University's funding of the Station is largely to offset the costs of the employees to the Station. As such, the Station and the University have chosen to house any pension and OPEB liabilities for the Station's employees on the University's statements of net position.

TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

6. Related Party Transactions

Indirect administrative support of \$129,026 and \$100,035 was provided by the University during 2020 and 2019, respectively, this includes the use of a building, as well as donated maintenance and service related to the space. Donated services and facilities was \$15,709 for both 2020 and 2019.

The Foundation receives and maintains all contributions on behalf of the Station. The Station's expenses are paid through the Foundation.

**MOREHEAD STATE UNIVERSITY
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Notes to the Financial Statements, continued

7. Commitments and Contingencies

The Station receives financial assistance from the CPB in the form of grants. The receipt of funds received from the CPB requires compliance with terms and conditions, including that the Station be noncommercial, educational in nature, and provide significant service to the community of license. The Station is currently in compliance with all CPB requirements.

The Station is regulated by the Federal Communications Commission (FCC), and must be in compliance with the FCC's licensing requirements for radio stations that are noncommercial, educational broadcast facilities. The Station currently has a continuing license issued by the FCC.

8. Concentration of Revenue

The Station has a concentration of revenue due to receiving the majority of its operating revenue from grants through the CPB. Revenue from the CPB totaled approximately 75% and 60% of total operating revenues during 2020 and 2019, respectively.

SUPPLEMENTARY INFORMATION

MOREHEAD STATE UNIVERSITY
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Schedule of General Appropriations from Morehead State University

Year ended June 30, 2020

Unrestricted contributions (University)

University other support	\$ 8,211
University salaries and fringe benefits	<u>221,448</u>
Total unrestricted contributions	<u>\$ 229,659</u>

See Report of Independent Auditors

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Schedule of Restricted Contributions

Year ended June 30, 2020

Restricted contributions

Federal workstudy	<u>\$ 13,305</u>
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Total restricted contributions	<u>\$ 13,305</u>
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See Report of Independent Auditors

MOREHEAD STATE UNIVERSITY
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Schedule of Other Contributions and Revenue

Year ended June 30, 2020

Other contributions and revenue

Memberships and subscriptions	\$ 45,103
Other income	9,245
Underwriting	<u>15,823</u>
 Total other contributions and revenue	 <u>\$ 70,171</u>

See Report of Independent Auditors

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Schedule of Revenue Reconciliation

Year ended June 30, 2020

Revenue reconciliation

Revenue per CPB Annual Report	\$ 556,717
Indirect administrative support (including occupancy)	<u>129,026</u>
 Total per financial report	 685,743
 Total operating and nonoperating revenue per financial statements	 <u>\$ 685,743</u>

See Report of Independent Auditors

**MOREHEAD STATE UNIVERSITY
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Schedule of Expense Reconciliation

Year ended June 30, 2020

Expense reconciliation

Per CPB Annual Report	\$ 590,135
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Less: capital equipment	<u>18,721</u>
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Total expenses per financial statements	<u>\$ 571,414</u>
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See Report of Independent Auditors

**MOREHEAD STATE UNIVERSITY
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Calculation of Indirect Administrative Support

Year ended June 30, 2020

Licensee Indirect Costs

Institutional Support	\$ 11,584,158
Physical Plant Support	9,357,941

Total Licensee Indirect Costs	<u>20,942,099</u>
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Licensee Direct Costs

Total Operating expenses	96,688,063
Less: Institutional Support	11,584,158
Less: Physical Plant Support (Please enter this amount whether or not the station benefits from Physical Plant Support)	9,357,941

Licensee's Direct Costs = (Total operating expenses minus both institutional support and physical plant support)	<u>75,745,964</u>
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Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)	<u>28%</u>
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Station's Total Operating Expenses	571,414
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Less: Total Depreciation and amortization-per AFS (if applicable)	20,349
Less: In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	6,763
Less: Indirect administrative support (if included in station's total expenses)-per AFS	129,026
Less: Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	0
Less: Expenses not supported by licensee-per AFS – example, expenses of consolidated entities like Friends' Group, foundations, and component units. (if applicable)	5,418

Station Net Direct Expenses	<u>409,858</u>
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Apply the Rate to the Base	113,317
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Occupancy Value (if applicable)	15,709
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Deductions- Fees Paid to the Licensee (if applicable)	
Calculated IAS*	<u>\$ 129,026</u>

See Report of Independent Auditors

**MOREHEAD STATE UNIVERSITY
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Allocation of Indirect Administrative Support

Year ended June 30, 2020

	<u>Total</u>	<u>Programming and Production</u>	<u>Broad- casting</u>	<u>Program Information and Promotion</u>	<u>Management and General</u>	<u>Fundraising and Membership Development</u>	<u>Underwriting and Grant Solicitation</u>
Unrestricted Expenses (Non-Grant)	\$ 273,082	\$ 128,348	\$ 57,484	\$ 20,235	\$ 54,098	\$ 12,562	\$ 355
Percentage of total per functional area	100.000%	47.0000%	21.0500%	7.4100%	19.8100%	4.6000%	0.1300%
Allocation based on % of operating cost per functional area*	<u>\$ 129,026</u>	<u>\$ 60,642</u>	<u>\$ 27,160</u>	<u>\$ 9,561</u>	<u>\$ 25,560</u>	<u>\$ 5,935</u>	<u>\$ 168</u>

*Includes occupancy.

See Report of Independent Auditors

MOREHEAD STATE UNIVERSITY
WMKY-FM

Schedule of Functional Expenses
Year ended June 30, 2020

	Programming and <u>Production</u>	Broadcasting	Program Information and <u>Promotion</u>	Management and <u>General</u>	Fundraising and Membership <u>Development</u>	Underwriting and Grant <u>Solicitation</u>	Depreciation	<u>Total</u>
Unrestricted								
University salaries and wages	\$ 86,731	\$ 38,844	\$ 13,674	\$ 36,556	\$ 8,489	\$ 240	\$ -	\$ 184,534
University fringe benefits	25,780	11,546	4,064	10,866	2,523	71	-	54,850
University other expenses	3,859	1,728	608	1,627	378	11	-	8,211
Indirect (including occupancy)	60,642	27,160	9,561	25,560	5,935	168	-	129,026
MSU Foundation	5,727	2,564	903	2,413	560	15	-	12,182
CPB 18/20	57,878	36,749	-	3,699	-	-	-	98,326
CPB 19/21	<u>7,672</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,872</u>
Total Unrestricted	<u>\$ 248,289</u>	<u>\$ 119,791</u>	<u>\$ 28,810</u>	<u>\$ 80,721</u>	<u>\$ 17,885</u>	<u>\$ 505</u>	<u>\$ -</u>	<u>\$ 496,001</u>
Restricted								
CPB 18/20	12,750	6,073						18,823
CPB 19/21	20,017	2,919						22,936
Federal workstudy	<u>6,253</u>	<u>2,801</u>	<u>986</u>	<u>2,636</u>	<u>612</u>	<u>17</u>	<u>-</u>	<u>13,305</u>
Total Restricted	<u>39,020</u>	<u>11,793</u>	<u>986</u>	<u>2,636</u>	<u>612</u>	<u>17</u>	<u>-</u>	<u>55,064</u>
Depreciation								
Unrestricted	-	-	-	-	-	-	19,413	19,413
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>936</u>
Total Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,349</u>	<u>20,349</u>
Total Expenses	<u>\$ 287,309</u>	<u>\$ 131,584</u>	<u>\$ 29,796</u>	<u>\$ 83,357</u>	<u>\$ 18,497</u>	<u>\$ 522</u>	<u>\$ 20,349</u>	<u>\$ 571,414</u>

See Report of Independent Auditors