
MURRAY STATE UNIVERSITY
WKMS-FM RADIO
FINANCIAL STATEMENTS
JUNE 30, 2014



News for the
Four Rivers Region

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Independent Auditors' Report

Board of Regents
Murray State University
WKMS-FM Radio
Murray, Kentucky

Report On The Financial Statements

We have audited the accompanying financial statements of WKMS-FM Radio, a public telecommunications division of Murray State University, as of and for the years ended June 30, 2014 and 2013, 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 presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 WKMS-FM Radio as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance 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 3 through 8 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.

RubinBrown LLP

November 12, 2014

**MURRAY STATE UNIVERSITY
WKMS-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 And 2013**

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of WKMS-FM Radio Station (the Station) for the years ended June 30, 2014 and 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Station is located on the campus of Murray State University (the University). WKMS broadcasts National Public Radio and local programs that inform, enrich and entertain in concert with the mission of the University. The Station's skilled staff, students and volunteers serve listeners with comprehensive music and information programs that reflect current affairs, history and cultures.

Using The Financial Statements

The financial statements consist of Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and Notes to the Financial Statements. These financial statements and accompanying Notes are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

Statements Of Net Position

The Statements of Net Position present a financial picture of the Station's financial condition at the end of the 2014 and 2013 fiscal years by reporting assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets less liabilities).

Assets

Total assets at the end of the fiscal year 2014 were \$995,055, of which cash and cash equivalents represented the largest portion. This group of assets totaled \$683,488 or 69% of total assets. For fiscal year 2014, total assets decreased by \$14,762, primarily due to an increase in accumulated depreciation.

Total assets at the end of the fiscal year 2013 were \$1,009,817, of which cash and cash equivalents represented the largest portion. This group of assets totaled \$667,795 or 66% of total assets. For fiscal year 2013, total assets decreased by \$110,352, primarily due to reduction in accounts receivable for capital grants.

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Management's Discussion And Analysis (*Continued*)

Liabilities

Total liabilities at the end of the fiscal year 2014 were \$99,690. Amounts payable to vendors and for payroll related obligations totaled \$57,961 or 58% of total liabilities. For fiscal year 2014, total liabilities increased by \$16,566, due primarily to an increase in unearned revenue.

Total liabilities at the end of the fiscal year 2013 were \$83,124. Amounts payable to vendors and for payroll related obligations totaled \$52,477 or 63% of total liabilities. For fiscal year 2013, total liabilities decreased by \$54,272, due primarily to the reduction in federal and state grant payables of \$55,207 for the fixed generator for communications.

Net Position

Net position was \$895,365 at the end of fiscal year 2014 and was divided into three major categories, defined as follows:

- Net investment in capital assets - This category represents the Station's equity in equipment.
- Restricted - This category represents those assets restricted by an individual or entity external to the Station. Restricted expendable net position represent the assets less related liabilities that may be expended by the Station, but must be spent for purposes as defined by the donor or external entity. Nonexpendable restricted net position represent amounts in which the principal is to be maintained inviolate and in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.
- Unrestricted - This category represents the net position held by the Station that have no formal restrictions placed upon them.

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Management's Discussion And Analysis (*Continued*)

Condensed Statement Of Net Position

	June 30,		
	2014	2013	2012
Assets			
Current assets	\$ 395,103	\$ 423,905	\$ 474,647
Noncurrent assets	362,374	297,067	293,398
Capital assets	237,578	288,845	342,124
Total Assets	995,055	1,009,817	1,110,169
Current Liabilities	99,690	83,124	137,396
Net Position			
Invested in capital assets, net related debt and depreciation	237,578	288,845	342,125
Restricted for:			
Nonexpendable	10,000	10,000	10,000
Expendable:			
Operations and other	292,199	267,229	261,949
Unrestricted	355,588	360,619	358,699
Total Net Position	\$ 895,365	\$ 926,693	\$ 972,773

Statements Of Revenues, Expenses And Changes In Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred and income or loss from operations for the current and prior fiscal years. Activities are reported as either operating or nonoperating. Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position.

Revenues

Total operating revenues, which exclude University appropriations, for the fiscal year 2014 were \$245,776. The primary source of operating revenues was from business and industry underwriting of \$145,459.

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Management's Discussion And Analysis (*Continued*)

Nonoperating revenues for the fiscal year 2014, which included grants and contracts and University appropriations, totaled \$1,169,257. Grant and contract revenues related to nonexchange type agreements are classified as nonoperating revenues, unless the funds were used in capital projects. In this case, grants and contract revenues used to fund capital projects are classified as capital grants. In a nonexchange agreement, the Station receives dollars from another party without directly giving a service or product of equal value in exchange. Total nonoperating revenues increased by \$37,367 during the year, which was primarily due to an increase in general appropriation from Murray State University of \$29,382 for an increase in salary and wages.

The Station received \$477,644 of Murray State University (the University) appropriations and \$294,837 of administrative support for the fiscal year 2014, which are classified as nonoperating revenues. These funds were used to support Station operating activities.

Nonoperating revenues for the fiscal year 2013, which included grants and contracts and University appropriations, totaled \$1,131,890. Grant and contract revenues related to nonexchange type agreements are classified as nonoperating revenues, unless the funds were used in capital projects. In this case, grants and contract revenues used to fund capital projects are classified as capital grants. In a nonexchange agreement, the Station receives dollars from another party without directly giving a service or product of equal value in exchange. Total nonoperating revenues decreased by \$56,272 during the year, which was due to a decrease in insurance proceeds of \$52,000 for a damaged antenna and a decrease in Corporation for Public Broadcasting funding of \$44,123.

The Station received \$448,262 of Murray State University (the University) appropriations and \$287,659 of administrative support for the fiscal year 2013, which are classified as nonoperating revenues. These funds were used to support Station operating activities.

Expenses

Total operating expenses for the fiscal year 2014 were \$1,446,361. Total program services and supporting services expenses were \$808,288 and \$581,082, respectively. Depreciation expense was not allocated to each program group, but presented as a single expense item representing depreciation for all areas of the Station. Depreciation expense totaled \$56,991 or 4% of total operating expenses.

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Management's Discussion And Analysis (*Continued*)

Total operating expenses for the fiscal year 2013 were \$1,402,259. Total program services and supporting services expenses were \$814,416 and \$544,107, respectively. Depreciation expense was not allocated to each program group, but presented as a single expense item representing depreciation for all areas of the Station. Depreciation expense totaled \$43,736 or 3% of total operating expenses.

Condensed Statements Of Revenues, Expenses And Changes In Net Position

	2014	2013	2012
Operating Revenues	\$ 245,776	\$ 224,289	\$ 223,134
Operating Expenses	1,446,361	1,402,259	1,461,481
Operating Loss	(1,200,585)	(1,177,970)	(1,238,347)
Nonoperating Revenues	1,169,257	1,131,890	1,188,163
Capital Grants	—	—	100,405
Change In Net Position	(31,328)	(46,080)	50,221
Net Position - Beginning Of Year	926,693	972,773	922,552
Net Position - End Of Year	\$ 895,365	\$ 926,693	\$ 972,773

Statements Of Cash Flows

The Statements of Cash Flows provide a summary of the sources and uses of cash by defined categories. The primary purposes of the Statements of Cash Flows are to provide information about the Station's cash receipts and payments during the years and to help assess the Station's ability to generate future net cash flows and meet obligations as they become due.

For 2014, the major source of cash from operating activities was business and industry underwriting of \$146,283. The most significant uses of cash for operating activities were payments for salaries, wages and benefits of \$695,323.

The cash flows from noncapital financing activities include \$477,644 received as general appropriations from the University, which is the largest source of cash for the fiscal year.

The cash flows from investing activities represent the cash activities of investments related to restricted investments.

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Management's Discussion And Analysis (*Continued*)

For 2013, the major source of cash from operating activities was business and industry underwriting of \$119,880. The most significant uses of cash for operating activities were payments for salaries, wages and benefits of \$666,555.

The cash flows from noncapital financing activities include \$448,262 received as general appropriations from the University, which is the largest source of cash for the fiscal year.

The cash flows from investing activities represent the cash activities of investments related to restricted investments.

Capital Assets And Debt Administration

The Station had a \$5,724 increase in capital assets during the fiscal year ended June 30, 2014. This change is due to the purchase of a transmitter. The Station did not acquire any debt during the fiscal year ended June 30, 2014.

The Station had a \$9,543 decrease in capital assets during the fiscal year ended June 30, 2013. This change is due to a write down of assets held by WKMS. The Station did not acquire any debt during the fiscal year ended June 30, 2013.

Economic Factors Affecting Future Periods

- Appropriations decisions by the United States Congress may impact grants from the Corporation for Public Broadcasting, which in turn, may impact the Station's budget for programming expenses.
- Changing economic conditions in the region will continue to have an impact upon the underwriting and fundraising efforts of the Station.

Contacting The Station's Financial Management

This financial report is designed to provide a general overview of the Station's finances and to show the Station's accountability for the money it receives. Additional details can be requested by mail at the following address:

WKMS Radio Station
Kate Lochte, Station Manager
Murray State University
P.O. Box 9
Murray, Kentucky 42071

**MURRAY STATE UNIVERSITY
WKMS-FM RADIO**

STATEMENT OF NET POSITION

	June 30,	
	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 332,904	\$ 381,590
Accounts receivable, net of allowance of \$21,377 in 2014 and \$16,805 in 2013	50,527	38,123
Prepaid expenses	11,672	4,192
Total Current Assets	395,103	423,905
Noncurrent Assets		
Restricted cash and cash equivalents	350,584	286,205
Restricted investments	11,790	10,862
Capital assets	920,841	915,117
Accumulated depreciation	(683,263)	(626,272)
Total Noncurrent Assets	599,952	585,912
Total Assets	995,055	1,009,817
Current Liabilities		
Accounts payable, accrued payroll and benefits	57,961	52,477
Unearned revenue	41,729	30,647
Total Current Liabilities	99,690	83,124
Net Position		
Net investment in capital assets	237,578	288,845
Restricted for:		
Nonexpendable	10,000	10,000
Expendable:		
Operations and other	292,199	267,229
Unrestricted	355,588	360,619
Total Net Position	\$ 895,365	\$ 926,693

**MURRAY STATE UNIVERSITY
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2014	2013
Operating Revenues		
Business and industry underwriting	\$ 145,459	\$ 108,693
In-kind contributions	77,189	93,235
Other	23,128	22,361
Total Operating Revenues	245,776	224,289
Operating Expenses		
Program Services:		
Programming and production	516,738	547,374
Broadcasting	168,064	161,213
Program information	123,486	105,829
Total Program Services	808,288	814,416
Supporting Services:		
Management and general	523,476	478,387
Fund-raising	28,803	32,860
Underwriting and grant support	28,803	32,860
Total Supporting Services	581,082	544,107
Depreciation	56,991	43,736
Total Operating Expenses	1,446,361	1,402,259
Operating Loss	(1,200,585)	(1,177,970)
Nonoperating Revenues		
General appropriation from Murray State University	477,644	448,262
Donated facilities and administrative support from Murray State University	294,837	287,659
Community service grants from Corporation for Public Broadcasting	189,400	171,355
Subscriptions and memberships	205,894	223,197
Investment income	1,482	1,417
Total Nonoperating Revenues	1,169,257	1,131,890
Decrease In Net Position	(31,328)	(46,080)
Net Position - Beginning Of Year	926,693	972,773
Net Position - End Of Year	\$ 895,365	\$ 926,693

**MURRAY STATE UNIVERSITY
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STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2014	2013
Cash Flows From Operating Activities		
Business and industry	\$ 146,283	\$ 119,880
Payments to employees	(695,324)	(666,555)
Payments to suppliers	(324,018)	(367,866)
Other operating revenues	23,379	25,539
Net Cash Used In Operating Activities	(849,680)	(889,002)
Cash Flows From Noncapital Financing Activities		
General appropriation from Murray State University	477,644	448,262
Grants and contracts	189,400	171,355
Subscriptions/memberships	203,500	221,914
Net Cash Provided By Noncapital Financing Activities	870,544	841,531
Cash Flows From Capital Financing Activities		
Capital grants	—	55,208
Purchase of capital assets	(5,724)	—
Net Cash Provided By (Used In) Capital Financing Activities	(5,724)	55,208
Cash Flows Provided By Investing Activities		
Investment income	553	929
Net Increase In Cash And Cash Equivalents	15,693	8,665
Cash And Cash Equivalents - Beginning Of Year	667,795	659,130
Cash And Cash Equivalents - End Of Year	683,488	\$ 667,795
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities:		
Operating loss	(1,200,585)	\$ (1,177,970)
Donated facilities and administration expense	294,837	287,659
Depreciation	56,991	43,736
Losses on disposals of fixed assets	—	9,543
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable from underwriting activities and other	(10,008)	4,358
Increase in prepaid expenses	(7,480)	(2,058)
Increase (decrease) in accounts payable and accrued expenses	4,688	(63,547)
Increase (decrease) in accrued compensation	795	(731)
Increase in unearned revenue	11,082	10,006
Net Cash Used In Operating Activities	\$ (849,680)	\$ (889,002)
Supplemental Cash Flow Information		
Donated facilities and administrative support from Murray State University	\$ 294,837	\$ 287,659
In-kind contributions	77,189	93,235
Unrealized gain on investments	928	488

**MURRAY STATE UNIVERSITY
WKMS-FM RADIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2014 And 2013**

1. Summary Of Significant Accounting Policies

Nature Of Organization

WKMS-FM Radio (the Station) is operated by and receives support from Murray State University (the University). The Station is included in the financial statements of the University.

Murray State University Foundation, Inc. (the Foundation) is a Kentucky not-for-profit corporation formed to receive and invest funds for the enhancement and improvement of the University. The Foundation is a fundraising organization, which administers certain funds on behalf of the University. The Foundation coordinates the receipt of contributions and disbursements of those receipts for the Station.

Basis Of Accounting And Financial Statement Presentation

The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Restricted Cash, Cash Equivalents And Investments

Cash and investments that are held by both the Station and the Foundation that are externally restricted are classified as restricted assets. These assets are used to purchase capital or other noncurrent assets, or for other restricted purposes. Restricted investments held by the Foundation on behalf of the Station are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

Accounts Receivable

Accounts receivable consist of grants and amounts to be received from business, industry, subscription and membership activities. Accounts receivable are recorded net of uncollectible amounts.

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

Capital Assets

All capital assets, as defined by University policy, are recorded at cost at the date of acquisition, or if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The following estimated useful lives are being used by the Station:

<u>Asset</u>	<u>Estimated Life</u>
Nonbuilding improvements	10-20 years
Equipment	5-25 years

Unearned Revenue

Unearned revenues include amounts received from grant and contract sponsors for which eligibility requirements have not been fully satisfied or that have not yet been earned.

Net Position

The Station's net position is classified as follows:

Net investment in capital assets: This represents the Station's total investment in capital assets, net of outstanding debt obligations related to those capital assets. There is no debt issued at June 30, 2014 or 2013. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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Notes To Financial Statements (*Continued*)

Restricted net position - nonexpendable: Nonexpendable restricted net position amounts represent amounts in which donors or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained inviolate and in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.

Restricted net position - expendable: Restricted expendable net position includes resources in which the Station is legally or contractually obligated to spend in accordance with time or purpose restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represent resources derived from underwriting sales and other sources. These resources are used for transactions relating to general operations of the Station, and may be used at the discretion of the governing board to meet current expenses or for any purpose.

Classification Of Revenues

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) business and industry underwriting, (2) in-kind contribution revenues, and (3) tower equipment rentals and other.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. In a nonexchange transaction, the Station receives value without directly giving equal value back, such as a gift or grant for which there is no return requirement. Additionally, certain significant revenues relied upon for operations, such as state appropriations, donated facilities and administrative support from the University and investment income are recorded as nonoperating revenues, in accordance with GASB No. 35.

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

Pledges And Contributions

The Station engages in periodic fundraising campaigns evidenced by on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial contributions are frequently made by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. An allowance for uncollectible contributions receivable is provided based upon the Station's judgment including such factors as prior collection history and type of contribution. Contributions and collected pledges are components of nonoperating revenues.

Facilities And Administrative Support

The portion of the University's facilities and administration support attributable to the Station's operations and the value of space provided to the Station by the University are included as revenues and expenses, and are computed in accordance with guidelines established by the Corporation for Public Broadcasting. Total donated facilities and administrative support from the University including in-kind contributions were \$293,531 and \$287,659 for the years ended June 30, 2014 and 2013, respectively.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are included at year-end with accrued payroll, and as a component of compensation and benefit expense. Sick leave benefits are expected to be realized as paid time off or used to purchase service credits upon retirement. These are recognized as expense when the time off occurs or when service credit payments are incurred. No liability is accrued for such benefits employees have earned but not yet realized.

Use Of Estimates

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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 these estimates.

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

2. Accounts Receivable

Accounts receivable consist of:

	<u>2014</u>	<u>2013</u>
Business and industry underwriting	\$ 40,145	\$ 29,887
Subscription and membership pledges	31,757	24,791
Other	—	250
Allowance for doubtful accounts	<u>(21,375)</u>	<u>(16,805)</u>
	<u>\$ 50,527</u>	<u>\$ 38,123</u>

3. Deposits And Investments

For administrative purposes, cash balances and restricted investments of the Station are included in bank accounts maintained by the University and the Foundation. Details of accounting transactions affecting cash are maintained by each entity. At June 30, 2014 and 2013, the carrying amounts of the Station's deposits were \$683,488 and \$667,795, respectively.

Currently the University maintains its deposits, outside of those held by the Commonwealth of Kentucky, in noninterest-bearing accounts at FDIC-insured institutions. All accounts are insured up to \$250,000.

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Notes To Financial Statements (*Continued*)

The University also maintains cash deposits with the Commonwealth of Kentucky, as overseen by the State Investment Commission (Commission). The Commission is charged with the oversight of the Commonwealth's investment programs pursuant to KRS 42.500. The Commonwealth's investments are categorized into two distinct classifications or "pools." The Short-Term Pool consists primarily of General Fund cash balances and provides liquidity for the remaining pools. The Intermediate-Term Pool represents Agency fund investments, state held component unit and fiduciary fund accounts held for the benefit of others by the state. Shares of each pool represent a divisible interest in the underlying securities and are not federally insured or guaranteed by the U.S. Government, Federal Deposit Insurance Corporation or any federal agency. However, all such investments in excess of FDIC are required to be fully collateralized by the U.S. Treasury and/or U.S. agency securities or other similar investments as provided by KRS 41.240. The pools have not been approved by the Securities and Exchange Commission. The University's shares within the pools may indirectly expose it to risks associated with fixed income investments; however, specific information about any such transactions is not available to the University.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk other than compliance with the provisions of state law.

Cash and cash equivalents as presented in the statements of net position captions include:

	<u>2014</u>	<u>2013</u>
Current cash and cash equivalents	\$ 332,904	\$ 381,590
Restricted cash and cash equivalents	350,584	286,205
	<u>\$ 683,488</u>	<u>\$ 667,795</u>

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

4. Capital Assets

Capital assets activity for the year ended June 30, 2014 is:

	Balance 2013	Additions	Transfers	Deletions/ Retirements	Balance 2014
Construction in progress	\$ 72,327	\$ —	\$ (72,327)	\$ —	\$ —
Nonbuilding improvements	213,906	—	—	—	213,906
Equipment	628,884	5,724	72,327	—	706,935
Less: Accumulated depreciation	626,272	56,991	—	—	683,263
Capital assets, net	\$ 288,845	\$ (51,267)	\$ —	\$ —	\$ 237,578

Capital assets activity for the year ended June 30, 2013 was:

	Balance 2012	Additions	Transfers	Deletions/ Retirements	Balance 2013
Construction in progress	\$ 72,327	\$ —	\$ —	\$ —	\$ 72,327
Nonbuilding improvements	213,906	—	—	—	213,906
Equipment	638,427	(9,543)	—	—	628,884
Less: Accumulated depreciation	582,536	43,736	—	—	626,272
Capital assets, net	\$ 342,124	\$ (53,279)	\$ —	\$ —	\$ 288,845

5. Accounts Payable And Accrued Expenses

Accounts payable and accrued expenses at June 30 consisted of:

	2014	2013
Current Liabilities		
Accounts payable - vendors	\$ 11,178	\$ 6,490
Accrued payroll and related liabilities	46,783	45,987
	\$ 57,961	\$ 52,477

6. Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on non-federal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria of each.

A “contribution” is cash, property, or services given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational public broadcast television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station were \$1,196,408 and \$1,150,563 for the years ended June 30, 2014 and 2013, respectively.

MURRAY STATE UNIVERSITY
WKMS-FM RADIO

Notes To Financial Statements (*Continued*)

7. Community Service Grants (CSGs)

The Station receives a Community Service Grant (CSG) from the Corporation for Public Broadcasting annually. The CSG's awarded and expended during the recent three fiscal years were as follows:

	Grant Awards	Expended As Of June 30,			Uncommitted Balance
		2014	2013	2012	
2011-2013	\$ 180,541	\$ 327	\$ 65,424	\$ 114,790	\$ —
2012-2014	171,355	61,255	109,774	—	326
2013-2015	184,055	114,965	—	—	69,090

8. Natural Expense Classifications

The Station's operating expenses by natural classification for the years ended June 30, 2014 and 2013 were as follows:

	Program Services	Management And General	Fundraising And Membership	Total	
				2014	2013
Compensation and benefits	\$ 490,127	\$ 148,385	\$ 57,606	\$ 696,118	\$ 665,825
Operating expenses	313,867	375,091	—	688,958	691,328
Noncapitalized equipment	4,294	—	—	4,294	1,370
	808,288	523,476	57,606	1,389,370	1,358,523
Depreciation	56,991	—	—	56,991	43,736
	\$ 865,279	\$ 523,476	\$ 57,606	\$ 1,446,361	\$ 1,402,259